The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan's Cotton "Plan" Might Prevent Roosevelt's Re-Election

ARTICLES IN THIS ISSUE

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The Inside Story of General Hayashi's Coup

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Will North China Bring Fruit to Japanese Traders? . . . . . By Paul K. Whang

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EMBARRASSMENT OF OVERSEAS GROUPS—TRIBUNE'S ADVICE

THERE are several millions of Chinese citizens residing abroad in almost every country on the face of the earth, but generally their lot is not a happy one. Recently in Siam, a small country not much larger than a Chinese province, the Chinese population was greatly oppressed and humiliated. They were forbidden to have their own schools or newspapers and generally were treated as inferiors. In several small Latin American states the Chinese settlers have been badly treated in recent years, in some cases having had their lands and properties confiscated. Even in the more highly developed countries the Chinese resident is not entirely free of restrictions despite a sincere desire to give the Chinese a "square deal."

It is unnecessary to elaborate on Japan's present treatment of the Chinese people, but two recent authentic incidents tell the real story: A group of foreigners from Peiping was taking a trip through Jehol and visited Chengteh, the provincial capital. Noticing a crowd in front of the Japanese military headquarters the foreigners investigated and found a Chinese prisoner *tied to a tree with barbed wire*, several strands of which were passed about his body in the tieing up process. That the prisoner was in severe pain was apparently of no interest to his Japanese captors. The other incident occurred in Peiping or Tientsin in the course of the inauguration of one of the new Chinese officials brought into office as a result of the recent Japanese "drive" in that area. The inauguration ceremony was attended by a number of high Japanese military officers. Prior to the opening of the ceremony a Japanese military officer strolled on the platform and pausing before an enlarged photograph on the wall, he inquired: "Who is that?" The Chinese chairman of the meeting was astonished at the question but managed to state that it was a picture of the late Dr. Sun Yat-sen. The Japanese military officer then remarked as he turned his back on the picture, "What's it doing here; it should be taken down immediately." Whether Dr. Sun's picture has since been taken down from the governmental offices in the North is not known, but it is known that all Kuomintang flags or references to the

Party have been eliminated, one of the first acts of the new Chinese officials being to obliterate all patriotic slogans from the walls of public buildings. Since that time Chinese prestige in North China has sunk so low that Japanese sentries compel all Chinese visitors to Japanese headquarters to make an obsequious bow, indicating submission. In conversations with Occidentals the Japanese, particularly the military officers, always ridicule the Chinese and refer to them as people "who won't fight, but always run away."

These remarks referring to the treatment of Chinese abroad and particularly Japan's present efforts to discredit and humiliate all Chinese leaders, were inspired by an editorial entitled "A Message for Oversea Chinese," which appeared in the magazine *People's Tribune* for July 16. There was special significance in the editorial advice addressed to Chinese residing abroad because the *People's Tribune*, edited by Tang Leang-li, is generally looked upon as the mouthpiece of Wang Ching-wei, chairman of the Nanking Executive Yuan, who is now on sick leave at Tsingtao. The editorial was inspired by a *Reuter* message from Geneva quoting a resolution adopted by a group of Chinese residents in the League city urging the Chinese government to adopt a more aggressive attitude in resistence to the recent Japanese demands than was taken during the Manchukuo complications. In other words the Chinese residents of Geneva wanted to see their mother country stand up for its rights and not submit abjectly to the Japanese demands. In reply to the oversea demand for a "more aggressive attitude," Premier Wang's paper declared that such advice coming from critics of the National Government, whether in Geneva, Hongkong, or elsewhere, "will continue to be ignored so long as those in charge of China's affairs are men able to take a level-headed view of the facts . . . They know the country's limitations, and they know the existing strength and resources of the nation they have to deal with . . . They know, too, how disastrous to China it would be for her to take a 'more aggressive' attitude, and not only deliberately provoke retaliatory action which would be overwhelming, but at the same time lose the moral sympathy abroad which China now commands. Let the responsibility for taking aggressive action rest on other shoulders than Chinese . . . ."

In conclusion the editor of the *People's Tribune* suggested that Chinese residing abroad could serve their country best "by leaving the men on the spot to do what they think is most advisable . . . ."

The writer of these paragraphs has no intention of entering into a debate on the relative merits of "submission" or "resistence," considered from the standpoint of Chinese national policy in connection with the Japanese issue. In 1928 when Gen. Chiang Kai-shek experienced his first clash with the Japanese troops which the Tokyo General Staff had sent to Tsinan, Shantung for the purpose of blocking the Nationalist advance on Peiping, Gen. Chiang addressed his soldiers and asked them to wait ten years "until China was strong enough to meet the Japanese aggressors." Since that time Gen. Chiang has been steadily developing his military forces, both land and air, to a point where China now probably possesses the best fighting force it has had in a century. But Gen. Chiang has reached a crucial point in the development of his military force because the Japanese now realize the potential dangers for themselves and their Asiatic policies, in the event China is permitted to continue her military development. From the standpoint of China's aviation development, foreign experts have stated that if China possessed 500 fighting planes and sufficient aviators to fly them that China would no longer have to worry about a Japanese attack. But China only has some 300 planes and the Japanese warlords are determined that she shall not have 500.

This explains why the Japanese are now trying to discredit Gen. Chiang because they realize he is getting too strong and in addition is probably the only leader about whom the Chinese could rally for national defense. The Japanese therefore turn loose their propaganda guns on the Generalissimo hoping to discredit him with the Chinese people, and one unfortunate phase of the situation is that certain Chinese in high position have not hesitated to take advantage of Japanese assistance in order to enhance their own positions at Chiang's expence. But this doesn't obscure the fundamental fact that China has now reached the point where "submission" as a phase of national strategy in meeting the Japanese menace must be discarded, otherwise China will be guilty of the unbelievable crime of voluntarily abrogating her own sovereignty in favor of a colonial position within the Imperial Japanese empire. In this connection we cannot forget the example of Belgium in the world war, a small country, but a country of fighters nevertheless who never gave up, even when the German juggernaut had almost pushed them out of their country. The Belgians kept on fighting and in this manner earned the world's respect and admiration and more, active assistance.

Many Chinese leaders have been hoping that there would be some turn in the international situation which would give Japan something to think about on another front, thus relieving the pressure on China. This apparently was the implication in the sentence in the Tribune's editorial which declared, "Let the responsibility for taking aggressive action rest on other shoulders than Chinese." The argument that China is submitting to Japan because of her desire to "remain faithful to a solemn international pledge not to resort to war," doesn't sound very convincing at this late day when the Japanese are engaged in the process of adding a half dozen more North China provinces to their puppet state of Manchukuo. But even though other nations finally do come to China's assistance, China will derive little benefit therefrom unless China is willing to stand up and fight for her own rights. Apparently it has not occurred to those Chinese in high places who have

favored a policy of submission to Japan, that this also means submission to everybody else, because sooner or later other nations will also enter into the game of grab in order to protect themselves. The Japanese in their recent activities in North China have deliberately set China back to the defenseless position which she occupied following the suppression of the Boxer rebellion more than a third of a century ago.

This is the phase of the situation which is worrying the unfortunate Chinese residents of Geneva and other parts of the world. They do not wish to become international doormats and earn the ridicule of the world as citizens of a nation which surrendered its sovereignty without a struggle and at a time when it possessed the power not only to wear down and defeat its chief enemy but also the power to gain international respect for the Chinese race regardless of place of residence! Regardless of the growth of pacifist sentiment about the world we doubt whether the time ever will come when the world will respect a nation which does not sufficiently respect itself to stand up and fight for its right to national existence!

While admitting that those on the job in Nanking know more about the real situation than those on the other side of the world, it should also be remembered that it was the overseas groups scattered about the world who have kept Chinese nationalist sentiment alive and in times of crisis have never hesitated to come to the support of the home people.

WALTER WILLIAMS' INFLUENCE ON EASTERN JOURNALISM

OF the four Americans who have greatly influenced contemporary newspaper journalism in the Far East, the name of Dr. Walter Williams, Dean of the School of Journalism, University of Missouri, should be placed at the top of the list. The others are, B. W. Fleisher, publisher of the *Japan Advertiser*, Tokyo; Carson Taylor, publisher or the *Manila Bulletin;* and Thomas F. Millard, founder and former publisher of *The China Press* and (later) *The China Weekly Review*. Dr. Williams' influence was greatest because he supplied the personnel, the young men who came out to staff the American papers in Tokyo, Shanghai and Manila. And they were not all Americans by any means for large numbers of Chinese, Filipinos and Japanese also went to the Missouri school and returned to engage in their profession in their native lands. Many of these young men who came to the Far East as reporters remained to become editors or special writers and correspondents for home newspapers. On one or two occasions in the past ten or fifteen years every correspondent of an important American paper or press association in the Far East was a graduate of Dean Williams' school. The influence of the Missouri journalism school, which in many ways was the shadow of Dean Williams, was far-reaching and potent not only in the journalism of the Orient but in the political relations of American and Far Eastern countries and peoples.

But Dean Williams, while an authority on politics and political tendencies about the world as they affected journalism, always kept away from political office himself. Shortly after Franklin Roosevelt's election the Missouri delegation in Congress offered Dean Williams its unanimous endorsement for the post of American Minister to China but he declined the honor in order to complete his term as President of the University. Dean Williams had just passed his 72 birthday at the time of his death at his home in Columbia, Mo. on July 29. He was born at the country town of Boonville, Mo. on July 2, 1864 and entered the profession of journalism as a printer's "devil" or apprentice, later becoming editor of various country newspapers, a distinct institution in the United States where every county seat has one newspaper and often two. In 1908 he started the School of Journalism as a regular department of the University, ranking equally with Law, Medicine and Engineering. It was the first professional school in the United States, preceding the Pulitzer School at Columbia University, New York, by several months. Several hundred students of various nationalities and races have received training under his personal instruction and according to recent report a large percentage of the graduates, scattered about the world, have continued in active journalistic work. Aside from the considerable number of students from the Missouri school who have been engaged in journalistic activities in China, Dean Williams also was instrumental in starting the School of Journalism at Yenching University, Peiping, an institution which has turned out several classes of Chinese young men and women who are making good in their profession despite censorships and other restrictions which have hampered the growth of newspapers in China in recent years. Dean Williams is survived by Mrs. Sarah Lockwood-Williams, who was his second wife, the first being Miss Hulda Harned, who died in 1918. He is also survived by a son and daughter. When Dr. Williams was elected president of the University of Missouri a few years ago he received international notice as the first man to be appointed head of a large University who did not himself possess a college degree. He was a member of numerous organizations of journalists about the world the most notable being the Press Congress of the World of which he was president for several years. He was author of many books, mostly of a historical nature pertaining to his native state. Among his most notable books on journalism were, "The Practice of Journalism," "The World's Journalism," "Journalism—Newest Weapon for Democracy," "Reports on Meetings of Press Congress of World," "Observations on German Press," and "Struggle in Europe for Freedom of the Press."

Dr. Williams was succeeded as president of the University by Dr. Frederick Arnold Middlebush, at present head of the school of business and

public administration. Dr. Middlebush is a graduate of the University of Michigan. Prof. Frank L. Martin, acting head of the School of Journalism, long experienced as Dean Williams' trusted assistant, in all probability will continue as Dean of the institution.

Japan's Far Eastern Cotton Scheme May Bring About Defeat of Roosevelt Party

THERE are still a great many politically active persons in the United States who will remember that the Shantung clause in the Versailles treaty, had much to do with the defeat of the policies of Woodrow Wilson and the collapse of the Democratic party in the U.S. national election in the fall of 1920. President Wilson, as head of the American delegation at the Versailles conference, had endorsed the so-called Shantung clause in the treaty which awarded the former German interests in Shantung province to Japan. When this issue was exploited, along with other questions growing out of the World War situation, it contributed materially toward the defeat of the Democratic candidate and the election of Warren G. Harding, the Republican party's candidate. Practically every political leader referred to the Shantung decision in the course of the campaign and Senator Harding the Republican candidate devoted one entire speech to the issue. A compilation of speeches bearing directly on the Shantung question or references to that issue which appeared in addresses delivered by both Republican and Democratic leaders in the course of the 1920 campaign, which was published during the Washington arms conference in 1921-1922 indicated that the Shantung question had had a considerable bearing on the election results. The reason for this was that the iniquitous Shantung decision constituted a repudiation of the traditional policies of the United States in the Far East and worse, it typified in the minds of the American people all that was sordid and unjust in the Versailles agreement. The attention which China and Far Eastern questions received in the election campaign that fall had much to do with the later action of President Harding in calling the Conference on Limitation of Armament and Far Eastern Problems which met in Washington in 1921.

In view of the direct bearing of Far Eastern issues on American national politics following the great war, precipitated largely by Japan's naval expansion and policy of territorial aggression, it has been argued that Japanese policies since 1931 have precipitated an even more serious situation, hence the likelihood that Far Eastern issues may again become prominent in American politics next year in connection with Roosevelt's campaign for re-election.

Of primary interest in this connection is Japan's attempt to develop a cotton "bloc" or "empire" in the Far East, which, if only moderately successful would have the effect of dealing a body-blow to America's position as the dominant factor in the world's production of raw cotton. That there is more than an intimate connection between cotton and the American Democratic party requires no explanation, at least to American citizens in this part of the world, a considerable number of whom come from south of the Mason and Dixon line. While the Democratic Party, the party of Jefferson, Wilson and Franklin D. Roosevelt, has tended to become more "national" in recent years, it still derives its chief support from the so-called "solid south," which has been consistently Democratic, with few exceptions since the Civil war. In the Hoover-Smith campaign in 1928 several of the Southern or cotton states broke away from the Democratic party largely because of the religious and prohibition issues; cotton had little to do with the split in the Democratic party that year because the Japanese plan of destroying America's dominant position in that field had not been announced. But it is now known, or should be known throughout the United States, because the Japanese have come out publicly with their scheme for converting North China into a vast cotton plantation, which, if successful, would obviously have a fundamental effect on world cotton economics, but particularly upon America's position as the supplier of more than half the world's cotton requirements.

According to reports in newspapers and magazines regarded as none too friendly toward President Roosevelt's "New Deal" America's supremacy as the supplier of most of the world's raw cotton already is in a shaky position as a result of decreased production under Secretary of Agriculture Wallace's "birth control" program. It was claimed that this program has stimulated increased production elsewhere in the world, particularly in Brazil, Abyssinia and China. In all three of the countries mentioned the chief "stimulator" of increased cotton production was Imperial Japan which nation has dispatched numerous missions about the world for this purpose. It was Japanese activity in Abyssinia which precipited the recent row with Mussolini and it was only a few weeks ago that *Rengo* circulated a dispatch from Brazil alleging that the United States was bringing pressure to block Japan's scheme for developing large cotton plantations along the Amazon where a Japanese "colony" has been in existence for several years.

But turning to the Far East we find Japan on the point of achieving greater success in creating a source of cotton supply that would be independent of the United States. However, it is necessary to quote a few figures in order to understand the situation: The United States, or more strictly speaking, the Southern States of the

American Union, produce annually about 13,000,000 bales of cotton, (one bale weighs 500 lbs.), of which some 7,500,000 are exported to foreign countries. The American production of 13,000,000 bales is usually somewhat more than half of the total world supply, hence a considerable number of countries, some 50 in fact, usually depend upon American raw cotton for their mills and hand looms. According to statistics of the U. S. Department of Agriculture for 1934 the chief buyers of American cotton, listed in the order of their importance were: Japan, 1,845,601 bales; Germany, 1,318,066 bales; Great Britain, 1,278,426 bales; France, 709,024 bales; Italy, 649,041 bales. Last year China purchased 375,319 bales of American cotton, which exceeded the purchases of such countries as the Soviet Union, Poland, Canada, Belgium, Netherlands and a number of other important nations. America's raw cotton sales to foreign countries last year amounted to U. S. $421,405,641, of which sum the Japanese paid nearly one fourth or U. S. $102,948,083.

These figures give a fairly clear idea of the importance of the raw cotton industry in the economy of the United States. Therefore the fact that the production is concentrated in the Southern states where the Democratic party receives its chief support is a matter of vital significance when considered from the standpoint of Japan's openly announced plan to undermine the American cotton industry by stimulating production in the Far East.

Briefly, Japan's so-called Far Eastern cotton "bloc" provides for the planting of no less than 2,000,000 acres in cotton next year, the areas to be planted being located in Hopei, Shantung, Kiangsu, northern Honan and Shansi. The varieties to be planted must be American types suitable for the use of Osaka mills. The cultivation must be carefully supervised by experts appointed or recommended by Japan and Japan must have the exclusive right to purchase the crop. Farmers found planting seeds other than those supplied from Japanese sources will be severely punished. The free distribution of American cotton seeds, through Japanese agencies among the farmers of North China began last year when some 50,000 pounds were handed out to the farmers along the Tientsin-Pukow and Peiping-Hankow railways.

The wholesale extension of the cotton plantation scheme throughout the northern Chinese provinces is actually an extension of the cotton culture program, under a so-called 15 year plan which was inaugurated in Manchukuo in 1932 immediately following Japan's occupation of the northeastern Chinese provinces. According to reports from authoritative sources, the development of raw cotton cultivation in Manchukuo has been restricted to the southern section of the country, the location corresponding roughly to southern Ohio in the United States. Two organizations, both controlled by the Japanese were formed, one being the Manchurian cotton association and the other the Manchurian cotton company. The first organization is concerned largely with scientific investigation and planning while the cotton company concentrates on manufacturing, marketing and production of the raw product. The capital in both cases is entirely Japanese. According to report the Japanese have succeeded in raising the cotton production to about 80,000 bales. The area planted in 1934 was approximately 198,000 acres, an increase of 40 percent over the previous year. The Japanese believe they can raise the Manchurian production of cotton to some 400,000 bales within 15 years, but due to adverse climatic conditions the product is poor, generally resembling types known as "upland" cotton in the United States. It is said a considerable portion of this product is absorbed by the munitions industry.

It is not yet known to what extent the Chinese authorities have agreed to cooperate with the Japanese in the grandiose scheme for converting the Chinese provinces north of the Yellow river (old course of Yellow river south of Shantung peninsula) into a vast cotton plantation, but the offer to expend in China a considrable portion of the U. S. $102,948,083 now being expended in the United States, has constituted a strong inducement leading toward agreement. It is claimed that the consummation of the Japanese plan will not require the planting of additional acreage to cotton but merely the substitution of types suitable for the Osaka mills in place of the lower-grade native varieties previously planted for domestic consumption. The Japanese claim that approximately 20 percent of China's present production is suitable for their mills, hence a five year program carried out under police supervision with Japanese technical experts in charge, would enable Japan to become practically independent of American cotton supplies. According to a report published in the *Osaka Mainichi* the police supervision scheme has already been inaugurated in certain sections of Kiangsu province, but with what success has not been announced. Whether it would be possible to induce or compel Chinese farmers to change life-long habits overnight, merely to satisfy the ambitions of the Japanese cotton industrialists and their military backers is impossible to determine; likewise it is impossible to determine in advance the effect on China's economy of a sudden change in the type of cotton produced. While there has been a gradual improvement in the types of cotton produced in China in recent years, it is, nevertheless, a fact that the low grade, short-staple cotton produced in China has generally fitted in with China's requirements considered from the standpoint of the masses of the country. China is said to be the third largest cotton producing country in the world, turning out an average of some 2,000,000 bales annually. According to the Chinese mill owners' association it was hoped to expand this production to some 3,000,000 bales in 1934-1935 but this estimate was made several months before Japan's recent adventure into North China which had the effect of bringing that important section within the Japanese sphere.

The cotton plantation scheme in North China is only one phase of Japan's larger plan to completely monopolize the world cotton industry, manufacturing as well as production. The Japanese are now said to be rapidly taking over the management, if not outright control, of most of the Chinese-owned mills in the country, the object being to confine these mills as well as a considerable portion of the Japanese mills in China, to the production of the coarser type of textiles required by the masses of China as well as other Oriental countries. Although not generally realized the export of cotton cloth, mostly from Japanese mills on Chinese soil, occupied an important place in China's exports last year. In 1933 manufactured cloth ranked sixth in China's list of exports and is said to have amounted to about 10 percent of the total exports. Much of this cloth went to the Philippines, Korea and other places where coarser types are used by the masses of the people.

Sometime ago it was reported that the Japanese had decided not to construct further cotton mills at Shanghai but to concentrate at Tsingtao where climatic and labor conditions are said to be more favorable. There are said to be some 30,000 Chinese workers employed in Japanese mills at Tsingtao, most of them women, and the average daily wage does not exceed 40-cents in Chinese currency, equivalent to about 17-cents a day in American money. The Japanese now have about 1,000,000 spindles and about a quarter million looms in operation at Tsingtao, but two new mills now under construction will greatly increase the Japanese cotton "base" on the Shantung coast.

To get back to the question of possible American reactions to this Japanese cotton program, it is as yet too early to venture a forecast because the Japanese scheme is not yet generally known and sufficient time has not yet elapsed to observe possible effects. However, it may be stated, that the United States, but particularly the present Roosevelt Administration is not likely to give up America's supremacy in the production or raw cotton without a serious struggle. Were the Japanese developing their scheme on their own soil, the United States would have little ground for objection, but the fact that the Japanese are developing their cotton "empire" on Chinese soil and that this will in all probability lead to territorial occupation in further violation of treaties, is likely to have serious reprecussions.

Much of the improvement which has taken place in cotton production in China in the past decade has been due to the efforts of American missionaries. The College of Agriculture of Nanking University, a Missionary institution, has contributed greatly toward the improvement of both quantity and quality of Chinese cotton. A new type popularly known as the "million dollar" brand, which is revolutionizing cotton production in China, was discovered by Prof. J. Lossing Buck, former head of the Nanking college. Since Americans have expended considerable sums in assisting China to improve her cotton, the question might be asked: Why should America object to Japan's attempting the same thing on a larger scale? The reason for American objection rests in the fact that the efforts of American missionaries and others to improve Chinese cotton were based on a desire to help the Chinese peasant farmers and the then developing Chinese cotton mill industry. Back of it all may have been a desire to increase the demand in China for better grades of cotton and cloth and also the desire to stimulate the market for cotton milling machinery, but generally the contributors to the work of the Nanking College of Agriculture had little or no selfish motives and were solely interested in helping the Chinese to develop their own industry and become independent. The present Japanese program is an entirely different matter. Its inspiration came first from the Japanese millitary authorities who are trying to develop resources and markets in the Far East which could not be interfered with in the event of a war between Japan and an Occidental Power. In the second place the Japanese have no intention of improving conditions or the lot of the Chinese peasant. Their sole intention is to convert North China and its population into an appendage of the home Japanese industrial establishment at Osaka, as a part of the larger Japanese scheme of world domination.

Gen. Douglas MacArthur to Proceed to Manila?

Recent advices from Washington indicated that Gen. Douglas MacArthur, Chief of Staff of the United States Army, may go to Manila at the expiration of his present tour of duty, for the purpose of organizing the Philippines Army. Besides the military knowledge of Gen. MacArthur, the Chief of Staff is regarded in Washington as a strategical genius. Consequently, his proposed mission to Manila would be regarded abroad as having a significance beyond the mere development of the Philippines military establishment.

United States to Fortify Aleutian Islands

It was stated unofficially in Washington, July 24, that the United States is studying a proposal to fortify the Aleutian Islands, Guam and, possibly other Pacific Ocean possessions, when the Washington naval treaty expires on December 31. The *United Press* stated that, if Washington does demand abandonment of the non-fortification clause, it is not expected that Great Britain will object. At the same time, it is believed that Japan may unofficially object to the Washington demand although she could hardly make any formal protest due to her leadership in scuttling the Washington agreement.

Explosion Near Singapore Naval Base

An explosion occurred July 25 in a native hut in a village close to the naval base at Singapore. Four Chinese who were seen rushing away from the scene were seized by villagers and turned over to the Political and Intelligence branch of the police.

Dr. Kung Elected to Head New Trust Bureau

Dr. H. H. Kung, minister of finance and acting president of the Executive Yuan, has been elected chairman of the Board of Directors of the Central Trust Bureau of the Central Bank while Chang Kia-ngau will serve as managing-director, and Messrs. Liu Kung-yun and Chang Na-chuan as assistant managing-directors of the bureau. The officers for the bureau were elected at a meeting of the Board of Directors of the Central Bank held July 29. Messrs. K. P. Chen and Li Ming were elected supervisors of the bureau.

New Consular Building Appropriation Awaits Action of Lower House

The Senate July 24 passed the second deficiency bill, which includes an appropriation of $750,000 for a new Government building in Whangpoo Road, Shanghai. Before the appropriations, stipulated under the deficiency measure, become available however, the bill must be passed by the House of Representatives, and also be approved by President Roosevelt.

Racial Factor Is Important Element in Italo-Abyssinian Dispute

ALTHOUGH is it to be hoped that the efforts of the League of Nations to avert a major clash between Italy and Abyssinia will be successful, the prospects are none too promising. As a matter of fact hostilities have already commenced. The London *Times* published a dispatch from its Addis Ababa correspondent July 29 to the effect that a clash on the border had occurred at Ualkit, in the course of which 40 Italians and a score of Abyssinians were killed. The arrival of a motorized Italian detachment saved the Italian survivors of the clash from being killed in their turn. According to the version of the Abyssinian chief in charge of the Ethiopian detachment, the Italian soldiers had crossed the border and advanced into Ethiopian territory. The Abyssinians cut the water supplies of the invaders, by improvising a small dam and altering the course of the brook near which the Italians were camping. After having thus forced the Italians to flee during the night owing to lack of water, the Ethiopians launched a surprise attack, which explains the heavy casualty list among the Italian soldiers.

One of the elements that make a compromise difficult is that Signor Mussolini is capitalizing the wounded *amour propre* of his fellow countrymen, who remember with chagrin the defeat which the Italian Army suffered at the hands of the Abyssinians at Adowa in 1896. The Abyssinians are, at the same time, uncompromising in their attitude. They scorn any idea of a trade of territory or any form of mandate either by Italy or any other Power. They have maintained their independence from before the time of the Christian era—the only country in Europe that has done so—and they have shown by their past history and their present demeanor that they do not intend to accept any status except one of perfect independence. Their point of view is the same as that expressed in the slogan used by the Mexicans during the revolution led by Madero, "It is better to die standing up than to live bended on your knees."

Il Duce has many things to his credit. He has spurred the inventive and mechanical genuis of the Italians so successfully that today the shipbuiliding works, the motor car, the airplane factories and manufacturing establishments generally thoughout the country, turn out products of an excellence unsurpassed by any in the world. Certain it is that the Abyssinians will have to defend themselves against an army which both in size and efficiency is many, many times greater than that which they defeated 39 years ago. If there were no other factors there could be little doubt that in the end the Abyssinians would have to succumb. But there are other factors, not the least important of which is the attitude which England and various other European powers will take in case the League of Nations is not able to ward off hostilities. Advices from Paris state that immediately after the outbreak of the war, Egyptian and Sudanese troups will march across the Sudan frontier and occupy Condar as well as the Tana lake district, so that the Italians, arriving at the springs of the Nile after a hard struggle will find the British already lodged there, the latter claiming the right of prior occupation. This occupation, according to *Echo de Paris*, will be based on the increase of the defense force stationed at the British Legation at Addis Ababa.

Hovering in the background of this African dispute is the race element—which in the last analysis determines the actions of civilized and primitive peoples alike. In the World War the race question was little heard of. Nationalism, not race, was the deciding point in rearranging the map of Europe. But in the meantime the race problem has developed in an amazing degree. The anti-Jewish fury in Germany can be cited as an example. If it comes to war in Abyssinia racial animosities will flare up to a degree unsurprassed in the history of the world. The fact that negroes in the United States are volunteering for service in Abyssinia is eloquent tesimony to the fact that the black races throughout the world are on the Abyssinian side. The ferment is already at work in other countries. In Egypt both the Copts and the Mussulmans are staging pro-Abyssinian demonstrations and even in India anti-Italian sentiment has developed.

An interesting point to note in this connection is that the so-called Christian nations of the world are peopled by the white race. Abyssinia is the only Christian nation which is not white. There are, however, several hundred thousand Copts in Egypt, whose religion is rated as Christian. To an extent probably not realized by many good Christian people, there is a general feeling throughout the non-Christian world (and that, as stated, generally means the white world) that the white nations assume too much in not only claiming racial superiority, but that they are guilty of hypocrisy in a high degree when they assert that the religion they profess is one of Love, when at the same time they outdo each other in manufacturing weapons of war which, as a regular routine, are used to keep the "heathen" in subjection—with occasional interludes of wholesale slaughter of each other.

In making an appeal on the score of race Mussolini has made a huge tactical mistake. He has asked the white races to join as against the colored races. His appeal will probably not result in the whites generally coming to his assistance, but it will quite naturally have the effect of tending to make the non-whites unite against him. In the background of this appeal to the race issue lies the influence of Japan, ready to swing her weight in the direction which will ostensibly be for the benefit of the non-white people as a whole, but in the end will be made use of principally for her own benefit. Mussolini has given the Japanese

the very chance they are looking for. The Tokyo *Asahi* July 24 quoted the Foreign-Office as saying,

> "From beginning to end the Italian newspapers have indulged in a clear systematic plot to let the Italo-Ethiopian dispute develop into a general conflict between the colored and white races, throw Japan, Britain and France into the turmoil and force a situation where Britain and France will have to protect the Italian policy."

The statement by General Jiro Minami, Japanese ambassador to Manchukuo, indicates the subtle way in which the Japanese will make use of the African conflict.

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Minami Says Abyssinia Is "Food For Thought" for China

The present Italo-Abyssinian dispute should provide the people of China, as well as those of Japan, with "plenty of food for thought," General Jiro Minami, Japanese ambassador to Manchukuo and concurrently commander-in-chief of the Kwantung Army, stated in Dairen July 27 following his arrival from Changchun. "The situation is replete with indications as to the future," he said. "According to reports I have read, the Italian press sees in the dispute, a fight between the white and colored races. Moreover, it adds that should Italy and Abyssinia go to war, all the white races should support their side. That assumption must be based on a sense of superiority of the white race over the colored peoples. The same thing, I believe, would apply to China, where many white people are now living. Should there be a conflict, all the white peoples will unite and this may lead to a partition of China. The peoples of China and Japan who have now been brought to face the Italo-Abyssinian situation, should obtain plenty of food for thought from its outcome,'" Gen. Minami said.

Explosion Wrecks Italian Powder Factory—38 Employees Killed

A terrific explosion July 27 completely wrecked a powder factory at Taino, near Varese, Italy, and rocked the countryside around for many miles. Of the 38 dead bodies recovered all but three were those of women workers. The explosion, which occurred in the packing department, was so terrific that it broke the windows of houses several miles away. Fragments of the powder factory and remains of corpses were hurled a tremendous distance. The factory was taken over by the Government only last week.

Million Italian Youths Ready for Battle

The number of young Italians enrolled in University Fascist organizations and various unions of juvenile combatants has risen to a total of 1,200,000 as estimated on July 27, by the Secretary of the Fascist Party in Rome.

Italian Soldiers in Somaliland Consume Huge Quantities of Japanese Beer

The exports of Japanese beer to Italian Somaliland, through Mombasa, jumped from 52 tons in the first half of 1934 to 302 tons in the first half of this year. The increase is mainly attributed to consumption among the 200,000 Italian soldiers which have been concentrated in the colony.

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Mussolini Describes Fascism, Its Doctrine and Institutions

So much has been heard of Benito Mussolini in recent years as a dictator that is sometimes forgotten than he is also an author. Indeed, some of the Socialistic writings of his younger years rise as ghosts to confront him in his present career. His novel, "The Cardinal's Mistress," and a short story "Nothing Is True, All Is Permitted" are samples of his ventures into the realm of love and romance. His most important work is "Fascism—Doctrine and Institutions," of which the Ardita Publishing House in Rome has recently printed an English edition. After a perusal of same, we have selected the following two paragraphs as giving the gist of the Fascist doctrine:

"If liberalism spells individualism, Fascism spells government. The Fascist State is, however, a unique and original creation. It is not reactionary but revolutionary, for it anticipates the solution of certain universal problems which have been raised elsewhere, in the political field by the splitting-up of parties, the usurpation of power by parliaments, the irresponsibility of assemblies; in the economic field by the increasingly numerous and inportant functions discharged by trade-unions and trade associations with their disputes and ententes, affecting both capital and labor; in the ethical field by the need felt for order, discipline, obedience to the moral dictates of patriotism.

"Fascism desires the State to be strong and organic, based on broad foundations of popular support. The Fascist State lays claim to rule in the economic field no less than in others; it makes its action felt throughout the length and breadth of the country by means of its corporative, social, and educational institutions, and all the political, economic, and spiritual forces of the nation, organized in their respective associations, circulate within the State."

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Germany Intensifies Moves Against Jews and Catholics

Herr Julius Streicher, principal anti-Jewish leader in Germany, delivered a four-hour address at Munich July 27 in which he indicated that he expected Reichsfuehrer Hitler to appoint him national anti-Semitic leader. After making this declaration, Herr Streicher hinted that Jew-baiting of the past few weeks would be mild compared with the forthcoming persecution. "The time must come," he declared, "when every German girl having anything to do with a Jew will be publicly pilloried." The new police president, Count Helldorf, issued a statement July 27 to the effect that in Berlin, "both the State and party leaders have always emphasized that individual action is forbidden; included among these forbidden actions are particularly painting and writing on name plates and shop windows and similar acts of this nature. The manner in which *provocateurs* work is revealed by the fact that in some cases they succeeded in restraining the police from taking steps as it was their duty to do. The campaign against the Jews will be conducted by the State and party in a different way. Everybody, therefore, who participates in individual actions puts himself outside the community and the party as well, making himself liable to punishment."

Storm troopers at Warsaw, July 29 raided the Beuthen barber shop, shaved a Polish woman's head, and then smeared her with tar. The attack was provoked because she was engaged to marry a Jew. After shaving her head and smearing her with tar, the Nazis are said to have dragged her through the streets with large placards pinned on her clothes, exposing her "crime."

Four Catholic Nuns Imprisoned for Violating Currency Laws

After ten hours' deliberations, a Berlin Court, July 27, arrived at a verdict in the sixth case of evasion of the currency supervision regulations by persons in holy orders belonging to the Roman Catholic church, the president of the lay assessors of the court announcing that four sisters of the congregation of Holy Karl Borromaeus were found guilty. The General Vicaress Luitgardis Kneppek and Sister Housekeeper Rosalie Bell were convicted of repeated violation of the law and sentenced to three years' imprisonment and the former to 115,000 and the latter to 100,000 marks fine.

Anti-German Riots in New York—German Flag Torn from Liner

Anti-German riots on a large scale were staged in New York July 27. The riots first broke out when a crowd of 1,000 Communists assembled at the pier where the s.s. *Bremen* was docked to conduct an anti-Nazi demonstration. The crowd sung the Internationale and shouted repeatedly, "Down With Hitler," while three of them succeeded in ripping the German flag from the bow of the liner. A recrudesence of the riots which was witnessed at night when police and Communists engaged in a hand-to-hand fight in the streets. The demonstrators were finally routed when police reserves, who had been awakened from their sleep, arrived on the scene and charged them with truncheons and blackjacks.

A feature of the situation in New York has been the refusal of Fiorello H. La Guardia, who is of Italian extraction, to grant a city license to a German masseur on the grounds that the German government had forced many members of religious and political minorities out of business in their homeland.

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Alleged Secret Seven-Year Navy Plan for Britain

The London *Daily Herald* July 29, published what is purported to be the main lines of the British Admiralty's "hush-hush" seven-year-plan, which has already been communicated in detail to the other Powers concerned. The increase the journal says, will as follows: Cruisers 50 to 72; destroyers 84 to 142; submarines 39 to 57 and aircraft-carriers eight to 10. Capital ships will be reduced from 15 to 14. The number of ships becoming obsolete during the period from 1935 to 1942 under treaty provisions explains the decrease of one in capital ships. Actually, however, 12 new capital ships, 33 cruisers, 63 destroyers, 21 submarines and three aircraft-carrier will be built during that period.

The alleged "hush-hush" seven-year plan of the Admiralty published in the *Herald* was verbally described by the British Admiralty as "purely imaginary" and based on conjecture.

The Inside Story of General Hayashi's Coup

(Special Correspondence, Tientsin)

JAPAN'S destinies were at stake last week when the "orthodox" faction of the Japanese Army led by the bemoustached War Minister Senjuro Hayashi ousted the "die-hards" from power.

The removal from their posts of General Mazaki, Inspector-General of Military Education, Gen. Hishigari, member of the Supreme War Council, Lieut.-Gen. Hata, Division Commander, and other leaders of the extremist group was the culmination of a five-year struggle between the two Army factions.

The "die-hard" clique came into ascendancy in September, 1931, when its leaders, Gen. Araki, Gen. Minami, Araki's trusted lieutenant and now the uncrowned Emperor of Manchukuo, and Gen. Mazaki decided to undertake the Manchurian venture, both for the glory of the Japanese Army and to keep the Minseito "civvies" out of power despite their "landslide" victory in the prefectural elections just a day or two before the Mukden incident.

Uniting under its banners able, energetic, resolute and boundlessly ambitious men, the "die-hard" clique always adhered to the philosophy that the mailed fist provided the sole solution to Japan's economic, political and social riddles. With the United States and Europe writhing in depression pains, the extremists saw no effective foreign opposition to any plans, however extreme, they could formulate.

The sound of the bugle, the unparallelled press propaganda campaign, old loyalties—all brought the rest of the Army behind the little but powerful group of wilful men. The only opposition came from the Foreign Office, which was still married to the high-sounding League slogans. With the Army ignoring the foreign protests, the Gaimusho diplomats were left to their devices to answer the avalanche of American and British notes with the nearest approach to truth possible in the circumstances.

But in its actions the Army branch operating in Manchuria, and known as the Japanese Kwantung Army, began to lose contact with the War Office, became independent in its actions, sometimes going to the extent of ignoring the Tokyo directions. It takes fifty hours to reach Hsinking from Tokyo, and many occasions permitted no such delay.

Having occupied Manchuria the Kwantung Army began to expand into an economic body, an able, disinterested "brain trust", which sought to make of the newly acquired territory a gigantic military base for Nippon. The Kwantung Army assumed control of the diplomatic branch by having its commander-in-chief appointed Ambassador to Hsinking; it assumed control over the economic life of the new state by taking over the South Manchuria Railway Company, which provides Manchukuo's economic backbone.

Japan's foreign policies in the Orient also began to be drafted in the headquarters of the Kwantung Army by such men as Gen. Minami, Gen. Nishio, Chief of Staff, Maj.-Gen. Doihara, head of the secret service, and others. The rift between Tokyo and the Kwantung Army began to widen, although the War Office went to special pains to hide the breach.

The Kwantung Army worked in close touch with the "diehards" in Tokyo, led by Generals Araki and Mazaki. Supporters of the clique were put in important positions, while members of the socalled "orthodox" faction were sent to posts in the hinterland, Formosa and Korea.

Gen. Hayashi succeeded Gen. Araki because of his relatively moderate views. In the early days of the Manchurian adventure Gen. Hayashi also burned with patriotic fire, having even gone to the extent of moving his division out of Korea to help the Japanese forces in Manchuria contrary to Tokyo orders. To him is credited the motto: "All a soldier needs is a steel bible," meaning the short, razor-sharp samurai sword. He has travelled all over the world, was in Russia during the revolution, speaks Russian, knows the conditions in Europe, and because of his wider mental horizon is more careful and tolerant that his "diehard" colleagues. But having assumed the post Gen. Hayashi found that he had no power, all his decisions being nullified by the extremists.

Believing that the time was over for thunder, lightning and bombastic orations, Gen. Hayashi decided to rebuild the Army, placing moderate men in seats of authority. But the sweeping changes contemplated by the War Minister last March had to be shelved because of Gen. Mazaki's opposition.

Gen. Hayashi then decided to make the desired changes, which would place the control of the Army in his hands, this August, taking opportunity of the annual military reshuffle. When the plan, drafted by Lieut.-Gen. K. Imai, director of the personnel bureau of the War Office and one of the leaders of the moderate faction, was broached at a meeting of the "big three" of the Japanese Army, Gen. Mazaki once again put his foot down.

The "big three" includes Generals Hayashi and Mazaki and Field-Marshal Prince Kan-in, the "Lid-sitter" of the Staff, a man of little weight and prestige and completely under the dominance of Gen. Hayashi. He was appointed to head the General Staff after the "May 15" incident of 1932, when young and misguided military fanatics "removed" premier Inukai. The only reason for his appointment was his Imperial blood, which made in unnecessary for him to resign should any similar incidents occur in the future.

When Gen. Mazaki's opposition became known, the leaders of the moderate faction, including Lieut.-Gen. Imai, Lieut.-Gen. Sugiyama, vice-chief of the General Staff, and Lieut.-General Hashimoto, Vice-Minister, called on Gen. Hayashi, urging him not to give in.

On the other hand, Gen. Mazaki mobilized most of the members of the War Council, including the leaders of the "die hards", such as Generals Araki and Hishigari.

Faced with the threat of "loss of face", so important a factor in the life of a Japanese general, the War Minister decided to "stake it all", and at the second conference of the "Big Three" asked Gen. Mazaki to retire.

The bone of contention was reportedly Gen. Hayashi's desire to place moderates in important positions in Tokyo and at the head of divisions. Especial bitterness was reportedly evinced over the desire of the War Minister to dismiss Lieut.-Gen. Hata, commander of the second division, former head of the Tokyo Gendarmerie and the "stormy petrel of the Army". Lieut.-Gen. Hata, one of the "smaller fry" among the die-hard leaders won fame for himself by his boundless and joyful enthusiasm in suppressing all that smacked of liberalism during his tenure of the Tokyo office. When Gen. Mazaki declined to sanction the removal of Lieut.-Gen. Hata, the War Minister asked the former to retire.

Immediately the War Minister went to the Hayama resort to obtain the Emperor's approval of the contemplated changes. Undoubtedly informed of the

Army squabble by Gen. Hayashi's supporter, Prince Kan-in, the Emperor sanctioned the re-shuffle.

As Gen. Mazaki's successor the War Minister appointed his school-day "chum", Gen. Watanabe. Generals Hayashi and Watanabe were of the same class in the Military Academy, lived in the same barracks, and later went through the Staff College together. Later they kept in close touch with each other. When Gen. Watanabe arrived in Tokyo, following his appointment, he said:

"We are old friends and can exchange opinions without reserve, which should make for smoothness and co-operation".

The next act of the military drama was played at a four-hour meeting of the Supreme War Council, when Gen. Hayashi, with Gen. Watanabe on his side, explained why he removed Gen. Mazaki, and simultaneously served notice on the hostile councillors that at least two of their number, Generals Hishikari and Matsui, were also to be retired, "because of advanced age."

Among other changes of note was the appointment of Lieut.-Col. S. Kagesa, assistant military attache in Shanghai, to head the Manchurian and Mongolian Affairs Bureau of the War Office. A year or so ago Lieut.-Col. Kagesa was counted among the most able members of the "die-hard" faction. When Lieut.-Gen. Suzuki, the thundering military attache, was trying to frighten the Chinese into submission, his assistant always exhibited an even greater degree of ardor. Then came a sudden change, which preceded the replacement of Lieut.-Gen. Suzuki by the more placid Maj.-Gen. Isogai. Kagesa has an excellent educational background, he is energetic, able and is expected to sit in the War Minister's chair before retiring from active service.

Theoretically the Mazaki-Hayashi squabble is over, with the moderate faction permanently in the saddle. In practice, however, the diehards are still powerful, and because of the variety and popular appeal of their slogans can still control the public opinion. Being more conservative than the Hayashi-ites they have a pre-emption on all appeals linked with patriotism, loyalty, the Imperial House, "Japan's position in the world" and so on.

The outward manifestations of the strong discontent with the War Minister's innovations are still numerous, the most important of them being the underground publication of a pamphlet by two retired Army officers revealing that Mazaki's followers in the Japanese military sancta sanctorum, the Military Academy, on two occasions rose up in arms against Gen. Hayashi's policies.

The pamphlet created such a furore that the War Minister was forced to call on Premier Okada on Tuesday morning, immediately motor to Prince Kan-in, and later in the day secure an audience with the Emperor.

Gen. Hayashi's trip to Manchuria last month also foreshadows further important changes in the control of the Kwantung Army. Gen. Minami will not be removed, because he has retired from active leadership in the die-hard clique, but the little group of officers, which really determines the policies of the Kwantung Army may suffer in the forthcoming perturbations. Having solidified his control over the Army on the mainland, Gen. Hayashi will indubitably now seek to strengthen his hold on the Kwantung force.

The squabble, besides being an indication that not all is clean in the Aegean stables, also promises a modicum of relief for China. While the Kwantung Army and the die-hards were at odds with the War Office, they never hesitated to take precipitate action, placing the Ministry in a position where it could do nothing but support the ventures. There are reasons to believe that such was the case in North China, where the Kwantung Army forced the War Office to take more aggressive steps than it originally intended.

The War Office, with the new "set-up", will continue to remain at odds with the Foreign Ministry, at least as far as China is concerned, but the breach may be less wide.

Shanghai Cotton Goods Exchange Re-Admits Japanese Yarns

As a preliminary procedure in re-admitting Japanese cotton yarns to the Chinese exchange market, the Shanghai Chinese Cotton Goods Exchange decided to readmit Japanese yarn on the local exchange market as from August 1. The re-admission is a result of a resolution passed by the Exchange at a recent meeting of its Board of Directors whom the local Japanese cotton yarn circle had queried on this matter.

Hunan Province Buses to be Equipped with Charcoal Burners

A fleet of 60 omnibuses has been ordered by the Hunan Provincial Highway Bureau to meet the needs of the various bus lines in said province. The Bureau has been instructed by General Ho Chien, Chairman of the Hunan Provincial Government, to equip the omnibuses with charcoal burners.

Work on Suiyuan Railway's New Route Is Completed

The engineering work on the new route of the Peiping-Suiyuan Railway had lately been feverishly pushed so that the whole project was completed end of this month. As a result of the newly laid-out route, which cuts short considerably the old line, the schedule between Peiping and Paotou, terminus of the line in Suiyuan, will be shortened to 24 hours.

Newspaper Mill Being Established at Wenchi

With a view to speeding up the establishment of the newspaper mill at Wenchi, the Ministry of Industry has sent for Liu Wei-chi, Vice-Minister of Industry and several foreign technical experts to conduct investigations on the spot. The result of the investigation, it is learned, shows that the raw materials, water sources, and communications there are suitable for the projected mill and the results of the investigation have been put down in the form of a report to Chen Kung-po, Minister of Industry, for his approval.

Hankow Chamber of Commerce to Extend Local Loans

At a conference held in Hankow, July 25, by the Chamber of Commerce, it was decided that the local banks will appropriate a sum of $2,000,000 to be loaned to the local shops and native banks on mortgages or pledges and that an investigation committee will be formed to investigate the validity of properties mortgaged or pledged.

Reduction of Export Duties Still Hangs Fire

According to information from the Shanghai Office of the Ministry of Finance, Loy Chang, head of the Customs Affairs Bureau, has submitted a plan for the reduction of export duties to Dr. H. H. Kung Minister of Finance, with a view to enforcing it either this month or next. As soon as it is approved by Dr. Kung, due notice will be given to the various Customs Houses concerning the date of enforcement. It is not yet known whether or not the abolition of the interport duties, will be put into effect simultaneously with the reduction of export duties.

Shensi Province to Spend $600,000 on Education

The Shensi Provincial Government has decided to raise $600,000 for the promotion of free education in the province. A sum of $80,000 will be remitted by the Ministry of Education to subsidize the campaign. It is understood that additional appropriations will be made by the Ministry when it receives the quotas contributed for free education by the various organs in charge of the Boxer Indemnity Refunds.

In a telegram to General Chiang Kai-shek, Cheng Chi-pao, Provincial Commissioner of Education for Hupeh and concurrently Director of the Hupeh Special Education Bureau, requests that a sum of $40,000 be appropriated from the grant of $100,000 made by the Sino-French Boxer Indemnity Refund Commission for the promotion of free education.

Kailan Mine Flooded—Several Dead, Many Missing

Eleven persons are missing and three are dead as a result of the flooding late on the night of July 29 of the Chaokochwang pit of the Kailan Mining Administration by an inrush of water from the surface. More than 150 miners were trapped in the mine by a huge coal slide, caused by the continuous rains. In Tongshan, the mining city on the Peiping-Liaoning Railway, he water inside the city was kneedeep.

Raven Files Answer in U. S. Court Denying Charges of Bank's Insolvency When Bonus Was Paid

THROUGH his attorney, Richard T. Evans of Tientsin, Frank J. Raven, formerly president of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, the Asia Realty Company, and the Raven Trust Company, filed an answer in the United States Court for China, July 26 to the bills of complaint filed by Frank L. Hough, the liquidator, on June 29. Mr. Raven denies Mr. Hough's two principal charges, which were that the Bank has been insolvent since December 31, 1931, and that Mr. Raven owes the Bank the sum of Tls. 135,000, which he received in January, 1932, as an honorarium. He stated that at the time the Bank was solvent, and that its shares were quoted then and for some time after on the Shanghai market at twice their par value. He also stated that he repaid the Tls. 135,000 to the Raven Trust Company on February 9, 1933. He stated that the bill of *ne exeat* served on him was unnecessary, as he had at no time had the intention of leaving China and the jurisdiction of the United States Court.

Following is the gist of Mr. Raven's answers, these being practically identical in each of the three cases—the American-Oriental Bank, the American-Oriental Finance Corporation and the Asia Realty Company :—

F. J. Raven's Answer

Defendant admits that during all of the period of five years last past, the defendant has owned and controlled a majority of the voting stock of the Raven Trust Company, Federal Inc., U.S.A., a corporation, and admits that the said corporation now owns and controls and during all of said period owned and controlled a majority of the voting stock in the American-Oriental Finance Corporation, Federal Inc., U.S.A., a corporation, and admits that tha said corporation now owns nd controls and during all of said period owned and controlled a majority of the voting stock in the American Oriental Banking Corporation, but defendant denies that during all or any of the period of five years last the defendant has controlled the Bank.

Defendant denies the allegations of Paragraph 5 and alleges that the assets of the Bank on January 12, 1932, were more than twice its liabilities, excluding its capital stock, surpluses and undivided profits and that the cash on hand and in banks on that date was approximately 44 per cent. of all deposits, and that its shares of stock were then and for some time thereafter currently quoted on the Shanghai market at more than twice their par value.

Defendant admits the allegations of Paragraph 6, except that defendant denies that he controlled the Bank on January 12, 1932, for the reason that the directors of the Bank were elected at all material times by the stockholders thereof with the sole object of obtaining men of representative character and ability, and the defendant never at any time voted his own shares or caused the Raven Trust Company, Federal Inc., U.S.A., to vote its shares in the American-Oriental Finance Corporation, Federal Inc., U.S.A., for the purpose of electing or opposing the election of any candidate otherwise than for the purpose aforesaid, and the said directors at all material times exercised their independent judgment and discretion without any control, direct or indirect, of the defendant, and the defendant denies that he was present when the resolution referred to was discussed and passed, though he was present when the meeting referred to commenced. The defendant did not know prior to the meeting of January 12, 1932, that the subject of the payment of Tls. 135,000, referred to in Paragraph 6 aforesaid was under consi eration, and the defendant neither asked nor suggested that said remuneration be paid to him and he had no knowledge thereof until the resolution referred to was communicated to him after the meeting aforesaid. The defendant paid the said sum of Tls. 135,000 to the Raven Trust Company, Federal Inc., U.S.A., as a donation for the purpose of increasing its liquid capital and the defendant did not then or at any time use the said sum of Tls. 135,000 or any part thereof for his personal benefit.

As to the allegations of Paragraph 7, defendant admits that he received the monthly sums and bonus as stated in said paragraph, but alleges that these were received and receipted for as expense allowance and not as salary, and defendant denies each and every other allegation of the said paragraph. The Bank was organized in the year 1917 and the defendant was the promoter and organizer thereof, but the defendant received no compensation at that time or at any time prior to January 12, 1932, for his services as promoter and organizer. The defendant acted actively and continuously as an officer of the Bank and as organizer of its affairs without any compensation other than payment of Tls. 135,000 above referred to for about 10 years after the organization of the Bank and it was well understood between the defendant and the directors that he would receive compensation for his services as promoter and organizer of the Bank and in respect of his many acts of service in bringing the Bank of prosperity when the circumstances of the Bank would warrant a reasonable payment, and in all the circumstances the payment made was reasonable.

By was of special defence, defendant alleges that any claim which the plaintiff may have by reason of the premises, is barred by the laches of the Bank in that a period of more than three years has elapsed since January 12, 1932, when the plaintiff alleges that said amount was due and repayable by the Defendant to the Bank.

By way of defence to the application for writ of *ne exeat* issued herein on June 29, 1935, defendant alleges that said writ was issued without notice to him and without a hearing; that the application therefore was made by the plaintiff heedlessly and without any knowledge sufficient to found a belief that the defendant was about to depart quickly from the jurisdiction of this Honourable Court. The defendant had in fact informed the plaintiff that he would not leave the jurisdiction of this Court until the affairs of the Bank, the American-Oriental Finance Corporation, the Raven Trust Company, and the Asia Realty Company were in such shape that the liquidator should consider that the defendant could go from China if he wished. The defendant expressly stated to the liquidator that he would not leave the jurisdiction of this Court at this time because his absence might be misinterpreted by some persons. The said writ was at the instance of the plaintiff served on the defendant at 10 minutes before midnight on June 29, 1935, and said service was harsh and oppressive and in violation of the Plaintiff's rights.

Wherefore the defendant prays that the Bill of Complaint herein may be dismissed at the plaintiff's costs, and the writ of *ne exeat* discharged without prejudice to the plaintiff's right to take such action as he may be advised in respect of any claim for damages in the matter of the alleged wrongful application for the writ of *ne exeat*.

Raven's Counsel Writes Public Letter to Liquidator Hough

Richard T. Evans, of Tientsin, who has been engaged as counsel by F. J. Raven and the officers of the three Raven companies now in liquidation, addressed a letter July 29 to Frank L. Hough, liquidator of the American-Oriental Banking Corporation, in which he he protested against allegations made by Mr. Hough in the press concerning the couduct of the affairs of the companies concerned.

While he appreciated the fact that it was Mr. Hough's duty to be "fearless and outspoken," he trusted that in future he would confine himself to statements of fact and abstain from comment concerning the former officials of these companies.

The body of the letter, which is dated July 27, contained a reply to allegations by the liquidator that the Raven companies had been insolvent for some time before they went into liquidation and the failure of the bank had nothing to do with tight money conditions in Shanghai.

In reply, Mr. Evans said that an examination of the statement of accounts of the American-Oriental Banking Corp., the American-Oriental Finance Corp., the Raven Trust Co., and the Asia Realty Co., prepared at the end of December, 1934, would satisfy him that they were solvent them.

When one took into consideration money conditions prevailing in Shanghai towards the close of 1934, he considered that the bank's cash reserve, compared with that of other banks in proportion to their deposits, was adequate against deposits. The cash reserve became depleted as people began withdrawing their deposits, due to the tight money conditions. "Now it may be", continues the letter," that a bank ought not to lend on the share of any of its affiliates, but that is quite another thing from saying that such lending is fraud and that it means that there is a condition of insolvency".

Mr. Hough's comment on the letter merely was, "As a child I was taught never to answer back."

Lossing Buck Acts as Observer in China for U.S. Treasury

Officials quarters in Washington July 29 disclosed that Prof. J. Lossing Buck is employed by the United States Government as an observer of economic conditions in China. His particular interest relates to silver and other financial matters.

It has been known that Prof. Buck has been active in reporting to the Government for a considerable time, but the exact nature of his work was not revealed before.

Officials in Washington declined to discuss whether or not Mr. Buck's employment is connected with intended visit of Sir Frederick Leith-Ross, chief economic adviser to the British Government, to China. Mr. Buck is acting as "monetary adviser to the Secretary of the Treasury."

Japan's China Policy Severely Assailed By Critic; Szechuan Reds Continue to Flee Northwards

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Shanghai Mainichi Suspended for Publishing Murobushi's Interview.**
2. **Japanese Army Officers Confer on Concrete Policy Towards China.**
3. **Koreans Balked in Silver Smuggling Operations in North.**
4. **Japanese Urge Removal of Hopei Capital to Peiping.**
5. **Re-shuffling of Personnel in War Zone Administration.**
6. **Legislative Yuan Member Urges Gen. Chiang to Return to Nanking.**
7. **Szechuan Communists Continue to Flee Northwards**
8. **General Chiang Exhorts Youth to Build for Future of China.**
9. **Canton Planning Expansion of Army, Navy and Air Forces.**
10. **H. H. Kung Appointed Acting President of Executive Yuan.**

Stating as his conviction that it would be necessary, if friendly Sino-Japanese relations are to be achieved, to recall to Japan all Japanese military and naval officers now present in China, and to reduce the Kwantung Army to one-tenth of its present strength, Takano Murobushi, a noted Japanese critic of social affairs, now on a tour in China, soundly criticized the present Japanese policy in China in an interview given to a representative of the *Shanghai Mainichi*, a Japanese daily in Shanghai, as published on July 27 and translated by the *North China Daily News* on the following day.

In connection with the recent "New Life Weekly" case in which the publisher of the Chinese magazine was sentenced to fourteen months' imprisonment for producing an article which the Japanese alleged to be insulting to the Emperor of Japan, Mr. Murobushi remarked that such articles as these appeared not only in China, but in most other countries from time to time. It had been taken notice of in China purely because China is, in a military sense, weak. It was an absolutely wrong policy to apply pressure on a government over trifling matters, he said.

Concerning the anti-Japanese movement in China, the critic stated that he was not surprised by it. Considering the Manchurian and the Shanghai disputes were started entirely by the Japanese, it was not to be wondered at that an anti-Japanese movement should follow, and, furthermore, it would appear almost impossible to stop any such movement after such actions.

Manchukuo was said to be a peaceful and independent state. If such were the case, Mr. Murobushi asked, why was it necessary for the Japanese to maintain such big forces there? For anti-bandit drives and for other purpose? Surely, if Manchukuo were independent these matters should be dealt with by the independent state itself.

With regard to diplomatic matters and recent history in this regard, Mr. Murobushi roundly criticized the dual policy. If the military, he said, wished to continue their present policy, they should come out into the open, and not continue to be secretive about their aims. Moreover, direct negotiations with, and demands made of the Nanking Government, or the Central Kuomintang, should not be made by other than the representatives of the Japanese Foreign Office. For others to negotiate or demand directly was a fundamental mistake in Japan's present China policy.

It was at this point that Mr. Murobushi stated it as his opinion that a final adjustment of friendly Sino-Japanese relations would not be possible unless all Japanese military and naval officers in China are recalled to Japan, and the Kwantung Army reduced to one-tenth of its present strength. He said further that, though the Army denied the Manchuria and Shanghai troubles were war, and gave as their excuse that it would be necessary for the Japanese Diet to give its sanction in the event of war, were not the troubles war in actual fact?

The question of the so-called "Blue-Shirt Group," supposedly a Chinese secret society, on fascist and anti-Japanese lines, was practically dismissed by the critic, who stated that he had been reliably told no such group existed. The newspaper representative interviewing him stated that the report of its existence was certainly issued. "Then," came the retort, "the Japanese military have probably issued this report!"

Mr. Murobushi's remarks have caused a furore in Japanese circles, not only the military and naval authorities, but the civilian population being, for the most part, incensed by his outspokenness. He sailed for Japan on July 28, in the s.s. *Nagasaki Maru*, and was provided with a police escort for his journey, as it is feared attempts may be made on his life by fanatical patriots.

APOLOGIZES FOR PUBLISHING INTERVIEW

On July 28, the *Shanghai Mainichi* editorially apologized for their carelessness in publishing the interview with Mr. Murobushi. The paper said that it was now realized that the article may bring about unfavorable consequences in China. The paper further stated that the Mr. Murobushi's remarks were injurious to the prestige of the Japanese Army and Navy and that they revealed ignorance of the relations of Japan, Manchukuo and China. According to the paper, Mr. Murobushi recently visited China for the purpose of writing a series of articles for the *Yomiuri*, a leading Tokyo daily, on the situation in China.

SUSPENDED FOR THREE DAYS

For the publication of Mr. Murobushi's interview, the Japanese consul-general in Shanghai, Itaro Ishii, has ordered a three-day suspension of the publication of the *Shanghai Mainichi*, effective from July 31, as a disciplinary measure on the grounds that the *Mainichi's* action in airing the critic's views is not conducive to friendly Sino-Japanese relations.

Mr. Ishii's action came as a surprise to the newspaper and to the local Japanese community in view of the repeated apologies made by the *Mainichi* in regard to the article. On July 27, the day after the publication of the interview, the *Mainichi* printed an editorial stating that they by no means shared the views of Mr. Murobushi and branded him a reactionary traitor and in addition, in view of the fact that the publication of the interview might injure the prestige of the Imperial Army and Navy, made a profuse apology.

Following the apology, the *Mainichi* published another denunciation of Mr. Murobushi's views coupled with an apology, stating that the interview was published carelessly and that the paper has no motives in publishing it other than the desire to print news.

JAPANESE OFFICIALS CONFER ON CONCRETE POLICY TOWARDS CHINA

The first of a series of conference between representatives of the Army, Navy, Foreign Office and Ministry of Finance opened at the Foreign Office on July 26 to discuss a concrete policy to be pursued in connection with Sino-Japanese relations, according to a *Rengo* dispatch from Tokyo.

The *Kokumin* declares that this policy will be based on cultural and economic lines and that it is "designed to be enforced unalterably in the next 10 to 12 years."

The final decision will be submitted to the Cabinet for approval, after which a representative of the Foreign Office, Mr. Morishima, will proceed to Shanghai to explain the policy at a conference of Japanese consuls-general.

JAPANESE URGE REMOVAL OF HOPEI CAPITAL TO PEIPING

The Japanese desire that the Hopei provincial capital be moved from Paoting to Peiping has been expressed in informal conversations between Major Tan Takahashi, assistant Japanese Military Attaché, and General Shang Chen, Hopei governor. The problem has also been discussd informally with officials of the Peiping Political Readjustment Council, he added.

Just as Tientsin is the economic and commercial centre of Hopei, so Peiping is the political centre, observed Major Takahashi. Great inconvenience attaches to the location of the provincial capital in the rather small, out-of-the-way town of Paoting, the Japanese maintain, and accommodation and communications there are inadequate.

According to a *Shanghai Mainichi* report, Lieu Sui-chan, chief secretary to Gen. Shang Cheng and Liang Tse-tsin will be appointed the Head and assistant respectively of the Tientsin Branch office of the Provincial Government of Hopei. Mr. Liang is a member of the Kuomintang. If Mr. Liang is appointed, it will show that Gen. Shang does not sincerely desire to improve relations with Japan. Dissatisfaction has been expressed by the Japanese in this connection.

The question of dividing Hopei province into 13 administrative districts for the purpose of facilitating the handling of provincial affairs is engaging the consideration of the provincial authorities, said General Shang Chen, chairman of the provincial government on July 27. General Shang declared that the social, educational, economic and political conditions in the different districts must be taken into consideration before actual division could be made. He expressed the belief that some time will be required before the new administrative system could be introduced.

PRELIMINARY SINO-JAPANESE ECONOMIC MEET HELD IN TIENTSIN

A preliminary meeting to discuss questions concerning Sino-Japanese economic co-operation, development of the resources of North China and Japanese investments in Chinese enterprises was held in Tientsin on July 26.

The Chinese side was represented by Chen I-chou, local manager of the Yien Yieh Commercial Bank, Hsu Fu-tsou, local manager of the Continental Bank, Wang Meng-chung, local manager of the China and South Seas Bank, and Pao Tsung-han, chairman of the Board of Directors of the Poshan Railway Company.

Sun Jun-yu, secretary of the Tientsin Municipal Government, Major-General Liu Yu-shu, commissioner of Public Safety, Yang Pao-ling, commissioner of Public Works, Pien Shou-sung, local manager of the Bank of China, Li Ta, local manager of the Central Bank of China, and Mr. Chung To, local manager of the Bank of Communications were also present.

The Japanese side was represented by the managers of the Mitsubishi, Yokohoma Specie and Chosen Banks, the Okura Company and several other companies. Colonel Sakai, chief-of-staff of the Japanese Forces in North China, Mr. Wakasugi, counsellor of the Japanese Forces in North China, Mr. Wakasugi, counsellor of the Japanese Embassy, and two vice-consuls of the Japanese Consulate-General, were present as observers.

KOREANS BALKED IN SILVER SMUGGLING OPERATIONS

With the co-operation of the Japanese police in assisting in the search for Korean smugglers of silver from Kalgan and other cities in its vicinity, the Chinese authorities have been successful in preventing much smuggled silver from passing through Peiping. A few days ago some $10,000 were seized at Shihchihmen station, all carried by Koreans.

With a view to avoiding search by the railway guards and the Japanese police at the Shihchihmen station, Korean silver smugglers have now changed their tactics. Chinese reports say that they are leaving the trains at Chingho, two stations north of Shihchihmen, where search of passengers' luggage was comparatively loose.

In recognition of their co-operation in capturing a group of Koreans, who have been making counterfeit Chinese silver dollars in Peiping and Tientsin, appropriate rewards will be given by the Ministry of Finance to a number of Japanese consular police. The names of the Japanese officers have been forwarded by the Ministry of Foreign Affairs to the Ministry of Finance.

RESHUFFLING IN PERSONNEL OF WAR ZONE ADMINISTRATION

The Peiping Political Council has issued an order appointing Tao Shang-ming, the outgoing administrative inspector of the Luantung-Shanhaikwan area, counsellor of the Council. The vacancy left by Mr. Tao will be filled by Yin Ju-keng, the administrative inspector of the Miyun-Kihsien area.

General Su Yu-chi, director of the Special Police at Shanhaikwan, has been promoted to be administrative inspector of the Miyun-Kihsien area in succession to Yin Ju-keng.

In response to a summons from Wang Keh-min, acting chairman of the Peiping Political Council, Yin Tung, managing director of the Peiping-Liaoning Railway, arrived at Peiping from Tientsin July 27. This is Mr. Yin's second recent visit to Peiping. Last time Mr. Yin came from Peitaiho and interviewed Wang Keh-min concerning long-distance telephones between Peiping, Dairen, Mukden and Tientsin and air mails connecting the more important cities inside and outside the Great Wall. It is understood that discussions of these communications developments are to be carried further during Mr. Yin's present visit.

The resignation of Yu Chin-ho, Commissions of Public Safety of Peiping, has been accepted by the authorities. Tso Shun-lien, councillor of the Peiping Municipality, has been appointed acting commissioner of the Bureau of Public Safety.

JAPANESE MAY TAKE OVER TWO UNIVERSITY PREMISES

As the owners of the premises of the Agricultural College of the Peiping National University and Min Kuo University in Peiping have mortgaged their land to Japanese financial houses and they have been unable to pay both interest and principal to the Japanese creditors for some time, the Japanese are negotiating with the Chinese authorities in order to take possession of these properties. According to investigation by Chinese authorities, the owners of the land where the Agricultural College and the Min Kuo University are located are Manchus.

In connection with the general transfer and promotion of Japanese military officers to be effected on August 1, Lieut.-General Yoshijiro Umetsu, commander-in-chief of Japanese forces in North China, has been recalled. The new commander-in-chief, Gen. Tada, will come to Tientsin in the middle of August to take over his new duties. Major Giga, representative of Japanese Kwantung Army at Shanhaikwan, will return to Japan also to take up certain duties.

With Col. Takashi Sakai, Chief-of-Staff of the Japanese Forces in North China as the central figure, a conference was held on July 24 in Tientsin by important Japanese officers in North China and members of the Economic Investigation Mission to North China sent by the South Manchuria Railway Company. The Mission will collect information and make investigations according to the decision of the recent conference held at Changchun, and will make reports to both the South Manchuria Railway authorities and the Japanese Kwantung Army Headquarters.

Tanaka, Japanese Consul at Tientsin, and Ueyama, Japanese Intelligence and Liaison Agent, and Col. Kachishima, Chief of the Japanese Special Service Division at Dolonor, who arrived in Suiyuan July 24 from Peiping, called on General Fu Tso-yi, Chairman of the Suiyuan Provincial Government, on July 27 and were entertained by him at a luncheon.

Two military officers of the Japanese Kwantung Army accompanied by a Japanese newspaper man arrived at Taiyuan on July 26 from Suiyuan on a pleasure trip. After a visit to several important factories in Taiyuan, the visitors returned to Peiping.

Rengo reported that armed bandits derailed the Tsingtao-Tsinan express train at 1.30 a.m. July 28, at a point near Hsiamotun, but the forewarned guards succeeded in repelling

the attack. Two railway employees were hurt and the locomotive and three carriages went off the loosened rails, but no passengers were injured.

LEGISLATIVE MEMBER URGES GENERAL CHIANG TO RETURN TO NANKING

In a circular telegram on July 23, Peng Yang-kwan, veteran Party member and member of the Legislative Yuan, urged General Chiang Kai-shek, President of the Military Affairs Commission, to return to Nanking to take supreme control of the affairs of the Government.

The telegram issued by Mr. Peng is regarded by various circles as being closely connected with a recent decision to this effect reached by Wang Ching-wei, Generals Hwang Shao-hsiung, Chen Yi, Ho Yin-chin, Hwang Fu, Hsiung Shi-hwei and other leaders of the Nanking Government, said the *Shanghai Mainichi*. Most of the Nanking leaders agreed that Gen. Chiang Kai-shek should return to Nanking as soon as possible and assume full control of the government.

SZECHUAN REDS CONTINUE TO FLEE NORTH WARDS

The whole of the Red force infesting Szechuan is now moving northward towards Kansu as fast as the narrow trails through the high mountains drive permit, according to a *Reuter* report.

A persistent drive by the Government troops has forced the Reds out of many places they occupied since the northern and southern groups united.

Mowhsien was occupied on July 22, Chanpiyentze and Tawe on the 24th and Mowkung at noon on the 26th.

The Reds failed to penetrate into the Sungpan Valley and, as the government troops intercepted their thrust along the route past Moerkai, they changed their course to one still further west, along narrow paths leading to the watershed of the Min and Yellow rivers.

On July 26 nine bombers located and bombed a force of 3,000 Reds fleeing in a northwesterly direction along a small path along the south bank of the Yaerlung River.

The present position is that a small body of Reds is proceeding northwest of Sungpan and the vanguard of the main force some distance due west of that point. The rear is some distance due west of Sungpan, at Kwankou and Tsankunao, west of Weichow.

A large size of the Red army is now operating in western Szechuan, according to despatches from Tatsienlu to the Lumen Agency in Peiping. Bishop Valentin, of Tatsienlu, in writing of the kidnapping of Catholic missionaries by Reds, states that the Communists number 30,000 strong. After remaining in the Tatsienlu district for some time, they resumed their march northward, taking with them all the foodstuffs they could lay their hands on, and thus reducing the local inhabitants to dire straits.

Four Franciscans were kidnapped by these Reds at the leper asylum of Mosimien, near Tatsienlu. They were Father Placido. Father Pegoraro, Brother Pascal and Brother Nazaire. Father Placido remained in their custody for eight days and Brother Nazaire was released shortly after his capture. Father Placido was in a state of exhaustion when released and his life feared for.

ONLY 17,000 REDS ESCAPE WHEN MOWHSIEN FALLS

Mowhsien, a Red stronghold in northwestern Szechuan, has been captured by the Szechuan troops under General Li Chi-hsiang. When the city fell it is reported that only 17,000 of the Red outlaws retreated northwestwards towards the Kansu-Chinghai (Kokonor) border, the physically weak being left behind. A number of the buildings at Mowhsien and Tangchiao were set on fire by the marauders previous to their retreat. Szechuan troops are in close pursuit of the fleeing outlaws.

GENERAL CHIANG EXHORTS YOUTH TO BUILD FOR FUTURE OF CHINA

According to a *Chekiai* correspondence from Chengtu, Szechuan, amid his heavy duties in the Anti-Red campaign and the planning of administrative reforms in Szechuan, General Chiang Kai-shek, President of the Military Affairs Commission, has during the past few weeks found time to delivered a number of public addresses, two of which are of particular interest and significance.

One address delivered by General Chiang at the enlarged weekly memorial service on July 8 in Chengtu, dealt with the duties and responsibilities of the youths of China today, particularly those of teachers and students.

General Chiang said that China is to day being encroached upon and her people oppressed by foreign countries. She can not secure national equality and independence and is now facing a grav crisis. What has been responsible for the bringing about of this deplorable state ot affairs and wherein does its cause lie, General Chiang querried? As future masters of the country, the youths of China, particularly the students, General Chiang urged, should thoroughly understand the reasons. The questions now confronting China are: how to deliver her from her present precarious position, how to make her strong and how to regain her equality and independence in the family of nations? The heavy responsibilities in solving these questions, General Chiang pointed out, lie on the shoulders of the youths of China today.

General Chiang explained that the older people now in control of affairs must die after another twenty or thirty years and the future of the country has to depend on the youths of today. If the Chinese youths can strive to develop thefselves into good and usetul citisens, to make the country strong and to enable her to achieve equality and independence, General Chiang said. they will add glory not only to themselves, but to the entire Chinese nation. Otherwise, if the country should completely lose her independence and be conquered, they will inevitaply be enslaved by others and have to endure all kinds of sufferings. When such a fate should overtake them, they and their future generations will never know the end of their sufferings, General Chiang warned. So if the youths of today want to become real masters of this great country in future, they must consider as their first and foremost duty the task of saving the country and the people.

In the second address delivered on July 15 and attended by over 10,000 persons, General Chiang discussed the importance and meaning of the national flag and of the principles of the New Life Movement. He said that the National Flag is the sacred emblem of the country. Any glory or insult to the flag is a glory or disgrace to the nation.

The present national flag has the design of a "White Sun in a Blue Sky on a Red Ground." The design and color of the flag are the concrete manifestation of China's national independence and liberty. Vertically, it represents the perpetual existence of the life of the Chinese nation and its continuity to *ad infinitum*. Horizontally, its lustre spreads all over the country and brightens the Chinese nation. As regards its colors, the blue sky represents a lofty and great ideal the white sun a bright and pure mind while the red ground represents the spirit of sacrifice.

Referring to the New Life Movement, General Chiang said that the Movement represents the simplest, most fundamental and important formula for China's national salvation and its fundamental object is to revive the traditional good virtures of China, that is, Li Yi Lien Chi, namely, Propriety, Righteousness, Honesty and Honor.

TROOPS MUTINY IN KWEICHOW AND LEADER DETAINED

The 1st and 3rd regiments under the command of Gen. Ho Chi-tsun, one of the militarists in Kweichow Province, which have mutinied, are strengthening their defence against the Government troops in the valley of Hungsuikiang, according to a report in Hongkong *Kungshanjehpao* July 24. Immediately after receiving the report, General Chiang Kai-shek ordered Gen. Ho to fly to Chengtu from Kweiyang, and instructed him to deal with the situation as soon as possible. When Gen. Ho returned to Kweiyang, however, he took no action and it was found that he is in close connection with a certain side. Gen. Kuo Cho-tung, Pacification Commissioner of Kweichow, received instructions from Gen. Chiang on July 20 to detain Gen. Ho in Kweiyang. The command of the Kweichow provincial troops was transferred from General Ho to General Pei Hwei-chan, who is reported to have assumed the new post.

(*Continued on page 330*)

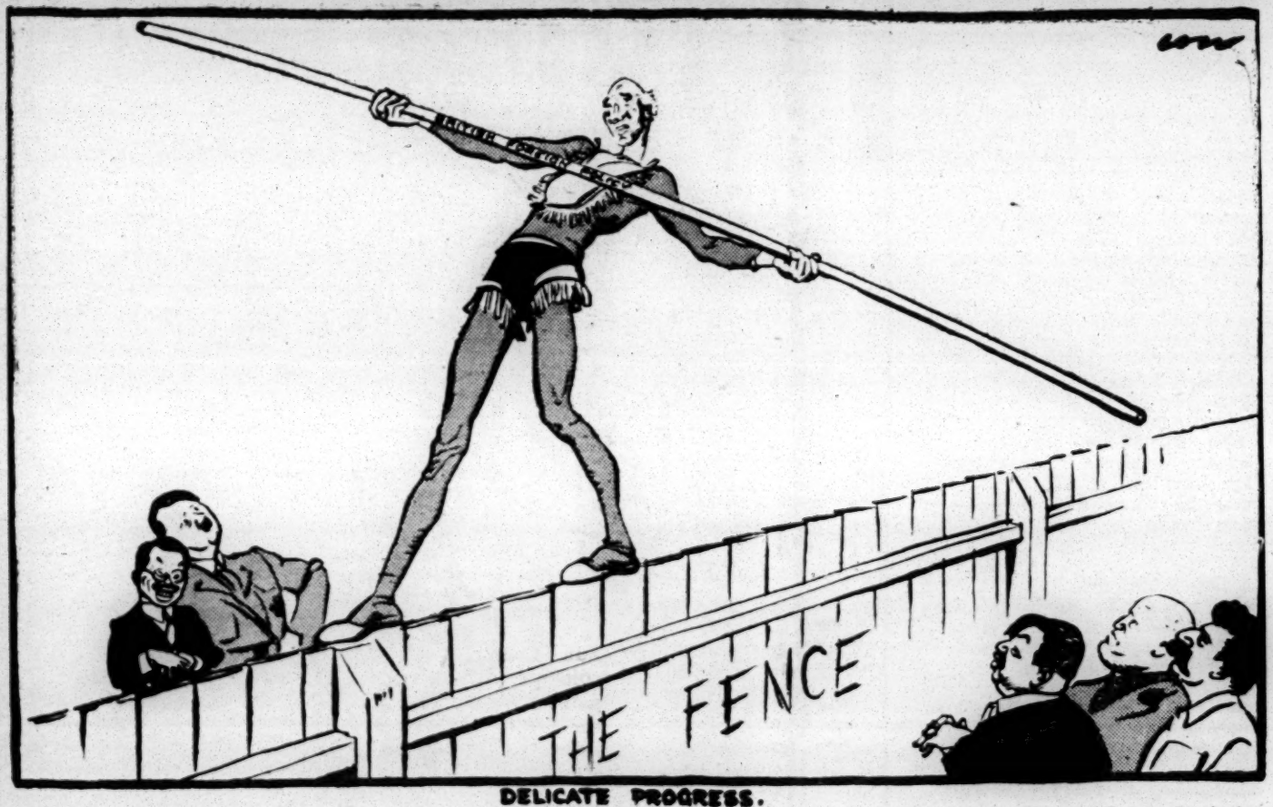
America's Choice in the Far East

BY NATHANIEL PEFFER

(*Harpers Magazine for June*)

THE tenor of recent voices across the sea is unmistakable. The harmony is eloquent and moving—moving in a direction unprecedented for America. Now, it can be said with full conviction that there will be no entangling alliances. The ancestral ban still lies heavy on us. But the times and the country have become more subtle since Washington uttered his historic warning; words have become more elastic, and America has learned never to call anything by its right name. Did not Woodrow Wilson conceive "voluntary conscription"? And who shall say that one of his successors will not conceive a "democratic fascism"? Why not then alliances that do not entangle?

ENGLAND DOES A BALANCING FEAT



DELICATE PROGRESS.

By Low in Manchester Guardian and Evening Standard

It may be confidently assumed that the traditions of the country and the sensibilities of the people will not be violated. No recalcitrant Senator will have occasion to summon the Iowan and Kansan to witness that we are being seduced by the wily foreign diplomat. But there may very well be a happy meeting of minds. There is a respectable precedent. Could not Sir Edward Grey stand up in the House of Commons in 1913 and say that there was no alliance with France that imposed any obligation on the English people? It was true. There was no alliance. Only the General Staffs of the two countries had met and parted in full concord on what their respective armies would do when the German army moved westward from the Rhine. So too there may be a fortuitous concurrence of thought between the British and American navies whereby, without written specifications or formal pledges, each will know just what to do when the Japanese navy moves on Manila and the Borneo oil fields and Japanese troops land in Tientsin. The British base at Singapore, for example: need it be nominated in a bond that American fighting ships will be given hospitality there —and oil?

The nuances of the words across the sea are, as I say, none too elusive. The words may vary but the tone is always the same, though more clear, vigorous, and insistent since the failure of the naval conference at London, the abrogation of the naval limitation treaty by the Japanese, and the preliminaries of a naval race on the Pacific. From the august sounding board of the Royal Institute of International Affairs General Smuts, the South African elder statesman, who often gives the pitch for the Empire when the world's ears are to be caught, has declared that the Empire's Far Eastern policy must conform to the "general American orientation." Specifically: "a practical policy of co-operation between them (Great Britain and the United States) in the Pacific for the maintenance of the integrity of China and future peace would be the most important step that could be taken in international affairs." The Marquess of Lothian has spoken in the same vein in his usual svelte accents and with the persuasiveness that has made him an effective spokesman of British liberalism and won him honored place in American publications. Captain Anthony Eden, the British Cabinet's general assignment man on high politics and armament negotiations, has classified the development of "close cordial friendship with the United States" as one of the special objects of the British government.

On this side of the Atlantic, personages of equally respectable station have not echoed these words. To do so would be indiscreet. The tabus are stilll too strict; but the words find a sympathetic harbor in their thoughts. It has now come to this: the right people on both sides are saying the same thing. Barkis is willin', and we don't mind either.

All of this is as it should be except that we ought to abandon our pretenses. Far from making the traditional argument against becoming involved with other countries, I am making the point that we ought to proceed at once with the conclusion of an alliance with Great Britain for joint action against Japan—call it joint action in the Pacific if national habit and diplomatic ritual constrain us to euphemisms. For if we are going to play the game of high politics we might as well play it to win. To win we must abide by the rules: big navies, naval bases, diplomatic stratagems, and alliances. Whether the game is one in which there can be only losers is another matter. If we enter at all it is presumably because we think the stake worth while. The choice is between not playing it at all and playing it successfully. The time has come then when we must decide either to give up what we call our policy in the Far East or prepare ourselves to carry it out with the smallest sacrifice of American lives and resources.

II

That we are now going in for high politics is obvious. Not in Europe, since Europe does not concern us directly. We make no great renunciations in looking indifferently on the rearming of Germany and the subsequent diplomatic convolutions. We risk nothing—or so we think, despite the year 1917. But we manifest no indifference to what happens in the Far East. There we act, not as we act in Europe but as European Powers act in Europe. For Asia is our area of interest, and we have been acting vigorously and unremittingly. The lull that followed the conclusion of the Manchurian episode was only an interlude. The Roosevelt Administration was momentarily occupied with inaugurating successive new dispensations at home. When circumstances in the Far East called for action it resumed where the preceding Administration had left off. It was as uncompromising in refusing naval parity to Japan as the preceding Administration had been in acknowledging the alienation of Manchuria by Japan. And when the Japanese government in 1934 issued the warning

to the Western Powers to keep hands off in China, the Roosevelt Administration countered immediately with a declaration to the effect that the United States would not do so. There has been no break in the continuity of America's interest and attitude in the Far East. There is an American policy, prosecuted as all modern nations prosecute national policies. It may be briefly defined as the determination to prevent Japan's farther advance in China.

Now this policy is more than a declaration of general principles. It has neither the historic acceptance nor the geographical immunity of the Monroe Doctrine. It demands concrete action. It must be backed up if it is not to be nullified. And the acceleration of the drift of events in the Far East is such that we must either back up our stand or withdraw within the next few years, perhaps within the next the next year. For Japan is equally determined to press its advance in China. It will do so unless forcibly restrained. It is doing so now.

For two years Japan has exercised a kind of potential supervision over North China by means of a subtle terrorism over Chinese officials who are not complaisant. The Chinese authorities enjoy at best a sort of distant autonomy, The final word is Japan's. This situation the Japanese are now bent on extending over all of China. Under cover of an attempt at general reconciliation with China, the Japanese have for months been trying to force China to accept what is equivalent to the status of protectorate. The exact terms have been kept unclear. In all probability they are not very explicit even as put to the Chinese. In the East explicitness is always superfluous. But their general purport is clear enough. China would have to accept Japanese guidance or tutelage. Translated into action, it would mean the effectuation of the statement made by the Japanese Foreign Office Spokesman in 1934, the warning to the West to keep hands off in China. The West would take its hands off because China would be compelled to thrust them off. China would contract loans only from Japan, would appoint Japanese military and civil "advisers," would apply only to Japan for financial and technical assistance in such efforts to develop the country as the building of railways and exploitation of natural resources, and would channel all its trade to Japan.

Whether or not Japan succeeds in the present effort to impose such a regime on China and whether ultimately it uses diplomatic pressure, military threats, or actual force, it is bent on bringing about such a relationship. And whenever it chooses to force the issue it will succeed, at least so far as China is concerned. China cannot help itself. In that event in so far as the Western Powers are not excluded from China entirely, they will remain on Japanese sufferance. Out of the benefits, profits, and wealth arising from the development of China they will get little, if anything. In that event also the United States must accede to the involuntary liquidation of its policy or it must take measures, forcible measures if necessary, to validate its policy. In other words, it must waive the policy or fight.

It is the most rudimentary wisdom then for the United States to come to some decision now while there is still an element of choice, before it has given hostages of the kind that nations fight to redeem even though they regret having given them. We must make up our minds whether we are prepared to acquiesce in the establishment of Japanese control over China, even at the price of losing all prospect of increasing our trade there, or are prepared to prevent Japanese from establishing control, even at the price of using force.

If we choose the first of these alternatives there is no point in our intransigence over a few thousand tons of naval tonnage for Japan, our periodic protests against Japan's encroachment, and our determined declarations of intent to maintain the *status quo* the independence of China, the Open Door, equality of trading rights, and the "sanctity of treaties," whatever that may mean. Why there is any peculiar sanctity in Far Eastern treaties as contradistinguished from the sanctity of European treaties, say the Versailles Treaty (the violation of which leaves us wholly unmoved) has never been adequately explained. We shall simply accept the preponderance of power in the Far East as it is, leave the relations between Japan and China to the ultimate working out of forces between them, and acknowledge that the present phase of the century-old struggle for supremacy in the Far East ends with Japanese mastery. And we shall forfeit out expectations of a material share in the Chinese market and the returns from investments in developing the country's resources.

WHY DOES JAPAN WANT A HUGE NAVY?

DOES JAPAN PLAN A PROVOCATIVE PROGRAM OF EXPANSION AND CONQUEST AND NEEDS A SUPERIOR NAVY TO DISCOURAGE INTERFERENCE?
DOES JAPAN PLAN AN ABSOLUTE ECONOMIC AND POLITICAL DOMINATION OF ASIA AND MUST HAVE A SUPERIOR NAVY TO PUT IT ACROSS?
DOES JAPANESE NATIONAL PRIDE DEMAND A NAVY EQUAL TO THE BEST?
DOES JAPAN THINK THE U.S. WANTS ANYTHING BUT PEACE FROM ASIA?
DOES JAPAN FEAR BRITISH TRADE RIVALRY MAY LEAD TO NAVAL WAR?
DOES JAPAN FEAR EITHER A RUSSIAN OR A CHINESE NAVY?
JAPAN
McCUTCHEON

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If we choose the second alternative, if, that is, we decide that it is worth while stopping Japan, then there is no point in not preparing ourselves to resist as effectively as possible, in neglecting to add to our military strength and align as many Powers as possible on our side by one means or another—alliance, threat, concessions, or purchase of favors.

By every indication it is the second course that we intend to pursue. We are doing so. There has been no sign of any intention to recede. Practically the whole of the American navy is holding "maneuvers" this month in the Pacific; a new naval building program is under way; an air line is being planned across the Pacific with bases within easy striking distance of the Japanese mandated islands; the American government gave sympathetic hearing to an official British proposal for a joint loan to China which would prevent it from falling into Japan's clutches to relieve its present financial stress. There is an unswerving projection of the line America has followed for a generation. We do not mean to let our opportunities in the Far East go to Japan by default.

III

Since we do not, which is to say since we mean to resist Japan, the corollary suggests itself. The sooner we make an alliance with

Great Britain the better. Sentimental devotion to an ancient tabu can be discarded. The point of emphasis in the tabu was the entanglements, not the alliances. The entanglement we have anyway; we may as well have the alliance. Then we may at least be able to extricate ourselves less painfully. The spirit has already been violated. Why cling to the letter? Isolation has become an empty phrase. There is no isolation. The condition indispensable to isolation is the absence of any external interest, ambition, or commitment. That condition is no longer present for America. We have a foreign policy, the formulation of a foreign interest, and we cannot escape all the accompaniments. They are unlovely and they deprive us of our prescriptive right to thank God that we are not as other nations, but they are inseparable. Power politics may be ugly, but the ugliness inheres in the condition that gives rise to it. It cannot be played with scruples, niceties, or regard for social precepts, even those stated in the sonorous phrases to which we are now addicted—international interdependence, co-operation, etc. Power politics and social morality are mutually exclusive. The first must be abstained from altogether, or the second violated; for the conventions have been fixed by international practice and precedent. To embark on power politics without following the accepted practices surely is stupid and may be suicidal. Once embarked on, there is no choice as to methods. There is choice only between hypocritical profession and intellectual honesty as to motives. The latter has a value all its own, a sanitative property badly needed in American national life. Having determined our ends, we ought presumably to be intelligent in the means we take to attain them; and if only as a matter of inner national health it were better if we were also honest with ourselves about what we were doing and why. At any rate the American people would have at least the outward appearances of giving consent.

There are no serious obstacles to an Anglo-American alliance as such. The two nations have common interests in the Pacific. Rather, they have one common interest—the elimination of Japan, which is a danger to both. And there would be no validity to the stock reproach against American diplomacy, that it is always pulling British chestnuts out of the fire. In the first instance Great Britain has more to lose from Japanese hegemony over China than has the United States. It has territorial possessions on Chinese soil, while the United States has none, and its present economic interest is larger. Also the Eastern extremity of its empire is adjacent to China and would be imperilled, while the United State has only the Philippines. Finally, an alliance would have the advantage for Great Britain of leaving it free to devote itself to the more pressing concerns of Europe. Its Eastern frontier would be made secure by America. Vulnerable because of an empire stretched across two hemispheres, Great Britain's strategy always has been to peg the Eastern Hemisphere by an alliance with the second strongest Power in the East against the strongest. Therefore it had an alliance with Japan against Russia before the World War. Now it can serve the same purpose by an alliance with the United States against Japan, correctly construing the United States as an Eastern Power. (Soviet Russia, being communist, is out of bounds.)

Superficially, Great Britain would be the greater beneficiary from such an alliance, but only superficially. While it is to Great Britain's advantage to maintain the *status quo* in the Far East and the United States would be forwarding that object, Great Britain would also be plighting itself for something which it counts on getting anyway; since the premise of all European thinking about the Far East is that the United States will not permit Japan to make any radical change in the Far East. In a crisis the United States is confidently expected to intervene, with or without an ally. While the alliance would guaranteee Great Britain's present position, it would also safeguard America's future interest.

For as a Power with what it considers vital interests in the Far East, the United States too is vulnerable. Unless it has the assistance of some Power with an Eastern position it cannot protect those interests except under the heaviest handicaps. It must send a fleet four thousand miles from its home base to operate perhaps two thousand miles from the nearest effective base, which is at Hawaii. To do so successfully against Japan it would have to have a fleet incomparably larger than Japan's and even so would face heavy odds. The fleet could be intercepted by the Japanese on the way out to the Far East and forced to go into action after a long voyage, with little warning, with men strained by a long vigil and fuel nearly exhausted.

With Great Britain as an ally, many of these handicaps would be materially reduced. There would be additional ships. The attention of the Japanese fleet would be divided. The Philippines would have a longer period of immunity, since Hongkong would have to be dealt with. Most of all, the strength of the American fleet would be vastly increased if it could count on the use of the Singapore base for fuel, munitions, supplies, and repairs. That America would win finally in a war with Japan is hardly to be doubted; but an ally would mean the difference between a long, hard, and costly war and a shorter and relatively easy one. It would diminish the amount of actual fighting necessary and allow time for the forced suspension of Japanese overseas commerce to undermine Japan's economic structure. And the end of a relatively easy war would leave China freed of the Japanese menace, Japan itself reduced to the status of a minor Power, and Eastern Asia open to American economic penetration. Not only British chestnuts would be pulled out of the fire. America's own interest would be served at least as much as Great Britain's, perhaps more.

It might even be that ultimately the economic interests Great Britain has built up in China since the middle of the eighteenth century would be jeopardized by the United States as much as they are now by Japan. This is a fact of which the British are well aware; the British may muddle from day to day, but in the long course their diplomacy is sure, direct, and far-sighted. Why then do they make tenders for "cooperation for the common aim of peace"? On two principles. First: sufficient unto the day is the evil thereof. Second: on the axiom on which all European Powers act—that America's ineptitude is Europe's protection. This axiom is based on sound observation. It can be amply documented out of the events of post-war years.

The World War ended with America in a position of unchallengeable supremacy. It held almost the whole world's gold supply. Its industrial structure was unimpaired. Its man-power was reduced by a negligible fraction, physically stimulated rather than exhausted by the effects of the War. Financially it held the whole world in bondage. Commercially it had almost a free field for years. Diplomatically it held all the counters and could dictate the moves. All that England had been in the nineteenth century and more, much more, America was for the better part of the decade following the War.

And then what? America held all the counters but bungled every move. Its bankers were gauche amateurs in international finance. Its industrialists went swarming over the world with all the arts of the big builders and the big talk that breaks down the resistance of a domestic public long anaesthetized into helplessness. They threw up gorgeous and glittering structures that topped at the first pressure, for they knew not even the rudiments of foreign trading that the plodding, unprogressive British overseas business men had learned two generations before. Against Scottish bankers and Lancashire commercial agents slick sales talk and the spectacular surface were of little avail. The high-pressure executives quietly closed their offices and came home, and Mr. Hoover's commercial attaches followed them. The giant twisting thunderbolts in his fist was only a gawky fumbling boy who had not learned yet what the world was about. Perhaps there is a principle of balance in nature which was at work. Had America been endowed with skill and knowledge and wisdom proportionate to its power, the whole world would have been held in servitude, which would have been bad both for the world and for America. Instead, at the moment of its power America was all thumbs, and the balance was redressed. The axiom of America's congenital ineptitude may be only a deduction from temporary phenomena, however, and Europe may be too over-confident in its sense of immunity. The lean years have come, and, goaded by need, America will learn. But for the present Europe will not fear America in the Far East. It will continue to count on America to talk big and bungle.

IV

The argument that has been made in this article has been framed entirely in terms of war. Why not? Since the actions and the setting are wholly in the category of conflict, why should not the words be out of the lexicon of conflict? This is precisely what is at issue. It states perhaps the most decisive choice that the American nation must make in the near future, and the first essential is to recognize what the issue is and what are the alternatives.

The proposal for an Anglo-American alliance precipitates the issue and puts the alternatives. If a logical case cannot be made for such an alliance then every step the American government has been taking in the Far East in the past few years is both illogical and dangerous. If, conversely, the policy and the acts of the American government in the Far East can be justified in logic and wisdom, then no sound argument can be made against an alliance. Then an alliance is not only advantageous but imperative, an alliance with some Power, any Power; and in practical politics this can mean only Great Britain.

The proposal for an alliance has the further merit of focussing the Far East and America's role there for the American people in full visibility. Precisely because it would represent so sharp a break with American tradition and practice, it would lead to questioning out of which clarification of public opinion might come. Of the intricacies and high ceremonials of diplomacy, the protests, notes, and *aides memoire*, the majority even of well-informed men can make little. They constitute a serial story of which the previous instalments are forgotten when each new one appears. But the simple, stark fact of an alliance can be grasped. The question, Why? emerges of itself. And that leads naturally to the fundamental question.

What exactly are we doing in the Far East and why? What do we intend to do and are we prepared to pay the cost? Are we going to try to stop Japan at any price? Are we willing to go to war to protect our treaty rights in China and preserve our share of the Chinese market? How much do we sacrifice if we waive all economic opportuniry in the Far East, and can we stand the sacrifice?

The answer can be reached by conscious deliberation, as in a rational world it would be, considering the human risks involved; or it can come by inertia.

If it comes by inertia there is little doubt what it will be. And just this is our danger, that we shall let it drift on inertia, indulging our national reluctance ever to make a choice between alternatives both of which are unpleasant, our weakness for believing that we can extricate ourselves from a dilemma by closing our eyes and pretending not to see that both horns are disagreeable. It is a harmless and amiable weakness in situations that are not dangerous. If it is indulged in this one, there can be little doubt what the result will be. We shall drift into war, whether we meant to or not and without even the intelligent precautions for self-preservation.

For America it comes to this: withdrawal to preoccupation with our domestic concerns again, or *realpolitik* with all that goes with it. The first means letting events in the Far East take their natural course. Then we shall permit Japan to get ascendancy over China if it can. That means in turn that we shall resign ourselves to a diminution in our trade with China (exports amounting to $200,000,000 in normal times and $100,000,000 in the worst years of the depression) and, still more, forego all opportunity to get the additional trade which China inevitably offers and which our whole history shows we have counted on, from Fillmore and Daniel Webster to Franklin Roosevelt and Hull. We shall forego that opportunity, depression or no depression, unemployment or no unemployment. For that is the stake in the Far East, and the loss of it is the price we must pay. If we choose *realpolitik* because we do not wish to pay that price, then let us pursue it unsentimentally, realistically, with all the relentlessness that it calls for and all the resources that it offers. Most of all, let us array on our side as much force as possible.

I suspect that we shall not be willing to pay the price of the first and that we shall choose *realpolitik*, even if we do not admit it to ourselves. I suggest, therefore, the alliance—but a forthright, avowed alliance and not the deceptive subterfuge of "understandings."

Nanking Journalists Join in Protests Against Revised Press Law

The Nanking Society of Journalists has joined in the protests against the new Revised Press Law, adopted by the Legislative Yuan July 2. In a petition to the Central Political Council, the Society brings up five points of dissatisfaction with the revised law, and urges that a set of new principles, more in consonance with the policy of the Party and the Government to protect the people's freedom of the press, be formulated.

Firstly, the petition states, the term "competent local government organ" referred to in the current Law means the Provincial Government, or the Municipal Government under the direct jurisdiction of the Executive Yuan.

In the Revised Law, however, the term is meant, in the case of a province, to apply to a District Government, and, in the case of a Municipality under the direct jurisdiction of the Executive Yuan, to the Bureau of Social Affairs.

This provision in the Revised Law is likely to lead to unwarranted pressure on the local press by the local authorities in connection with comments on local affairs, the petition declares.

Secondly, the Revised Law provides that corrections or refutations must be published in full in the newspaper or periodical in the same place where the original article complained of first appeared.

The enforcement of this provision would cause the papers to be filled with lengthy refutations and counter-refutations, and little space would be available for news and editorial comments, the petition says.

Thirdly, the revised law prohibits editorial comment on matters sub judice. While this provision is based on the principle of judicial independence, it should be noted that judicial independence only means that the enforcement of law and dispensation of justice should not be hampered by executive or military interference.

Fourthly, the Revised Law prohibits publication of any private matter concerning an individual or a family.

While this provision is based on the traditional precept not to expose personal secrets, its scope should be expressly stated, as a private matter may often have social, as well as personal, significance.

Fifthly, the administrative penalties provided in the Revised Law are altogether too heavy and direct, while no definite provision is made for appeals against such penalties. If such appeals are to be made according to the Law of Petition, the procedure would be too slow and circuitous.

Moreover, though some provision regarding censorship is provided for in the current and the revised law concerning books and other publications, no provision is made regarding the censorship of newspapers and periodicals. This is not only inconvenient to editors and publishers, but also to the censors themselves, the petition states. The Nanking Society has also issued a circular message to the press throughout the country appealing for a united front against the enforcement of the Revised Law in its present form, and for its reconsideration by the Legislative Yuan.

Shanghai "Min Pao" Says Regulations Are Too Severe

In a long editorial, the Shanghai *Min Pao* argued that the regultations were too strict. It asked that the hsien governments and bureaus of social affairs should not be vested with enforcement except in cases where printed matter is definitely regarded by the Ministry of Interior as constituting violations.

Hongkong Papers Banned in Canton

Eight Hongkong papers have been banned by southwestern authorities in Canton, where, in accordance with the instructions from the bureau of Public Safety, the police have been busily engaged in gathering up these papers, and arresting the distributors. However, the papers which are published by Gen. Chen Min-shu and Gen. Chiang Kwang-nai, leaders of the Fukien regime, do not come under the ban.

Ten Million Human Victims of Flood in Yangtsze Valley

According to Hsu Shin-ying, Chairman of the General Relief Commission, who returned to Nanking July 28 from Hankow via Kiukiang after a fortnight's inspection of the flood situation in those provinces, the flood victims in the four provinces of Hupeh, Hunan, Kiangsi and Anhwei number no less than 10 millions, while the flood area extends over 100,000 square kilometers. The loss to property is estimated at $500 millions.

Of the four provinces, Hupeh has suffered most, Mr. Hsu stated in an interview. The situation there is far more serious than in 1931—the disastrous flood year. The losses suffered by Hunan, Kiangsi and Anhwei however are also heavy. The close cooperation between the people and the local authorities in the work of flood prevention was of major importance in averting an even greater catastrophe, Mr. Hsu said.

The chief cause of the disaster, Mr. Hsu said, is the absence of adequate water conservancy. Silt accumulated in the river beds, is responsible for floods and drought in alternation. Since 1931, Mr. Hsu recalled, four years of famine have occurred, and the greater portion of the financial resources of the Government has been spent on flood relief. As a fundamental measure, a substantial fund should be raised for the adequate control of the Yangtsze, the Huai Ho, the Yellow River and Han River and local conservancy work, for only thus can recurrence of the flood menace be averted. Mr. Hsu has in the meantime arrived in Shanghai to launch a campaign for contributions. He will proceed to Hopei, Shantung, and Honan next week to inspect the flood situation along the Yellow River.

Reporting on conditions in various districts in the province, the Hupeh Flood Relief Commission states that three thousand persons, are believed to have been drowned at Laohokow when three of the city gates collapsed. The total property loss is estimated at $2,500,000. In the district of Ichang, the most serious damage was done to the town of Siaochitah, which is about 20 li distant from Ichang city. One hundred and nine persons lost their lives there, while the remainder of the inhabitants are homeless. Jukow, near Shasi, was practically washed away when the Han River dyke was breached near Liukungwan and the flood waters joined the Yangtze's raging torrent. Disastrous conditions prevail in Tienmen. The death roll there is not yet known, but thousands of the inhabitants are homeless.

Increased Anxiety in Northern Kiangsu

With the further rise of the waters of the Weishan Lake, on the Kiangsu-Shantung border, increased alarm is being felt among the population of northern Kiangsu. The continued rise of the Lake, it is learnt, is due to the flood waters of the Yellow River entering from Yutai, south-western Shantung. This extra volume of water has also brought about the rise of the Grand Canal and the Liutang Ho in northern Kiangsu. The district magistrates along these waterways are personally supervising the flood-prevention work.

At a meeting of the Hsuchow Flood Prevention Committee July 27 it was decided to take appropriate measures to protect the main dykes surrounding the city and along both banks of the old bed of the Yellow River. Workers are being recruited to repair the Linchia Dyke, which separates the Weishan Lake from the Grand Canal.

Tientsin Now Safe

The danger of a flood in Tientsin is now over, according to an announcement of the Municipal Bureau of Public Works July 28. All the waterways near the city, such as the Hai Ho, Grand Canal, and Tzuya Ao, have dropped. Adequate precautions are being taken to keep the water out, in case the rivers rise again.

Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

The Sino-French Indo-China Trade Accord

BY C. Y. W. MENG (孟長渙)

SINCE the opening of China to foreign trade, China has signed many conventions or treaties with the foreign powers regulating the trade relations between the two countries, or concerning the trade relations in certain portion of adjoining territories between the two countries. But a close study of these conventions or treaties will reveal to us that though they were called "commercial" conventions or treaties of "commerce," they were really all "political" in nature. What were provided in these conventions or treaties were not only trade relations but also the many "special political and economic privileges" which they could hardly enjoy in any other country under the Sun! So there is no doubt that these conventions or treaties were "unilateral" and "unequal,"—not reciprocal or of mutual benefit; and could not tend to help in the development of trade relations. But the signing and ratification by the two governments of the Sino-French Convention regulating the trade relations between China and France in French Indo-China and adjoining Chinese provinces marks definitely a departure from this "one-sided diplomacy" of the former days, and forms a new chapter in the diplomatic history of the two nations, where fair-dealing is the binding principle of the negotiations, and where a "commercial" convention is commercial in the true sense of the word in providing many facilities for the improvement and development of trade relations to the mutual benefit of both. It is no longer camouflaged with many other political provisions, dictated by the strong or the "victor," and forced upon the weak or the "defeated."

"Non Treaty-Citizens"—and Their Sufferings

The Sino-French Commercial Convention of Tientsin of 1886, the Additional Commercial Convention of 1887, and the Supplementary Convention of Peking of 1895 expired sometime in 1930. But no formal convention has been concluded until recently. For five years, the Chinese in French Indo-China had been treated as "non-treaty citizens," and were subjected to many sufferings and hardships under the French rule.

Discriminatory Treatment

According to the report of the Chinese Overseas Association, we may sum up the many discriminatory treatments of the Chinese nationals in French-Indo-China as follows:

(1) The Chinese nationals in French Indo-China occupied only the status of "colonists," and did not receive the same treatments as that accorded to the American, British or Japanese nationals in the local law courts.

(2) The Chinese nationals paid taxes on immovable property and other taxes greater than did the other foreign nationals or the local people themselves, plus many other requirements.

(3) Chinese commercial shops or houses had to follow French bookkeeping methods.

(4) Chinese schools in French Indo-China had to include in the curriculum the study of the French (8 hours per week) and local language (3 hours per week). The Chinese teachers had to be examined by the local administrators, who knew nothing about Chinese. It was not infrequent that the Chinese who went to French Indo-China were deported for failing to pass the examination.

(5) The Chinese nationals entering French Indo-China had to buy consular certificates and to affix their finger prints, and had to observe various time limits, in addition to other inconveniences.

(6) The Chinese text books used in the Chinese schools in French Indo-China had to be revised upon arrival, and the import duty on the Chinese text books was very heavy—1,184 francs per 100 kilos.

(7) The French had also taken steps to encourage the opening of rice-mills in Saigon with the deliberate purpose of ruining and eliminating the rice-mills owned by the Chinese by means of discriminatory treatment.

Exorbitant Taxation

Since 1930, we have seen rapid and tremendous increases in the taxes and other duties on the Chinese native products of adjoining provinces imported into, or passing through, French Indo-China, sometime 50 times as much as before! The following table will show us the old and the new rates of taxes on the Chinese native goods, in force before and after the expiration of the Conventions:—

Articles (*per 100 kilos.*)	*Old Rates*	*New Rates*
Silk goods	1,360 francs	From 10,000 to 18,000 francs
Trimmings	1,360 ,,	,, 40,000 to 70,000 ,,
Silk embroideries	3,400 ,,	,, 10,000 to 32,000 ,,
Chinaware	From 40, to 115, francs	,, 400 to 1,200 ,,
Fire-crackers	204 francs	,, 1,600 francs
Pulp	136 ,,	,, 600 to 3,300 francs
Tea	353 ,,	,, 800 francs
Paper umbrellas	76 ,,	,, 2,200 ,,
Leather shoes	7 ,,	,, 60 ,,

(The foregoing table is taken from a memorandum submitted to the Ministry of Foreign Affairs by the Chinese Overseas association in French Indo-China for the Promotion of the Early Conclusion of the Sino-French Commercial Convention regulating the trade relations in French Indo-China and adjoining Chinese provinces.)

Collapse of Chinese Exports to French Indo-China

The above articles constitute the bulk of the Chinese native products exported to or passing through French Indo-China, on the way to foreign countries. Facing such exorbitant taxes, there is no doubt that it brought about a complete collapse of Chinese exports. The following statistics will show the amounts of the Chinese exports to French Indo-China, and also the latter's imports to the adjoining Chinese provinces, in the last ten years:

Year	Amount of the export of Chinese native products to French Indo-China.	Amount of import of French Indo-China goods to the Chinese Provinces.
	(Unit: per $1,000 Chinese currency)	
1925	$10,813	$24,629
1926	28,719	80,696
1927	9,352	50,650
1928	11,780	16,604
1929	8,964	22,621
1930	6,045	43,907
1931	3,729	17,890
1932	3,914	81,608
1933	3,993	75,526
1934	4,706	41,606

Thus, it will be seen that from 1929 onward, when China announced her intention of terminating the conventions, there has been a tremendous drop in the amount of Chinese exports to French Indo-China, the sole reason being that the French had treated the Chinese as "non-treaty-citizens" and had levied many exorbitant taxes on the Chinese native goods. But that the amounts of the French imports to the Chinese provinces had been fairly normal,—and, in fact, had been increasing,—is due to the fact that while there had been tremendous increases in the taxes and other duties on the Chinese native goods entering or passing through French Indo-China, there had not been any increase in the taxes on the French Indo-China goods entering the Chinese provinces. Rice and coal, which constitute the bulk of the French exports to the Chinese provinces are needed by the Chinese, so no incrrase was made.

Searching of Passengers

At present the Yunnan-Annam Railway, built by the French, which penetrates into the very certer of Yunnan, forms the only route for the exportation of Yunnanese native goods and for the importation of foreign goods into Yunnan. This applies to the transportation of goods as well as to travellers. As discussed before, since 1929, when the French began to impose many heavy and exorbitant taxes, there has been a sudden and tremendous drop in the amount of the Chinese exports—from $12,000,000 in 1928 to about $4,000,000. in 1934. The same authorities had also subjected the travellers on the Yunnan-Annam Railway to many inconveniences. The examination of passports, and the search of passengers' baggage were done in a "harsh" and "cruel" manner, as the Chinese writers put it. The behavior of the French inspectors was by no means satisfactory. To carry a match in one's pocket—just to mention one example—would be sufficient to involve the traveller in great difficulties!

At present there are about 500,000 Chinese in French Indo-China. So the Chinese Government could never allow this half million of her people to be subjected to sufferings and discriminatory treatments. But from the stand-point of French interest, the early conclusion of the convention was also of great importance and necessity to them. So long as 500-000 Chinese in French-Indo-China—the middle-men of trade between the French and the Chinese in the adjoining provinces—were in a miserable conditions, the French could hardly improve their trade with the Chinese. The slump in the revenues of the Yunnan-Annam Railway since 1930 should have been sufficient to remind the French of the necessity of abolishing all the exorbitant taxes on Chinese native products and altering their treatment of the Chinese nationals. So by reiterating our "bitter experiences" during these five years, we are animated not by our desire to arouse the bitter feeling of two people, but rather, on the contrary, to urge the two people quickly to put their trade relations to normalcy. The irregularities in force in the past five years really hurt both!

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A Study of the New Convention

So, by the signing and ratification of the new Convention, we hope an end will be put to all these irregularities! A close study of the new Convention will reveal to us that the improvement in the relationship between China and France on the southern border is in sight. Article 3 provides the right of the Chinese Government to send consuls to Hanoi, or Haiphong and to Saigon and cities of French Indo-China, to give due protection to the Chinese nationals there. Articles 4 and 5 provide the "most-favored nation treatment" to the nationals of both countries, in entering, leaving, travelling, residing, and engaging in industry or commerce, in the territory of the other. Article 6 regulates the rates of taxes —all being so much complainted of and so detrimental to the Chinese relations and interestss before! By further exchange of Notes, the Chinese nationals in French Indo-China "shall enjoy the same treatment with respect to laws, jurisdiction and procedure in civil, criminal, fiscal and other matters, as the nationals of any other country. By a further Note, more than 30 Chinese articles from the Provinces of Yunnan, Kwangsi, and Kwangtung when exported to French Indo-China, would enjoy the "minimum tariff" when they transported without transhipment or with a through bill of leading.

Rice and Anthracite Coal

According to the Declaration, "the import duty on Indo-Chinese rice exported from French Indo-China to the above-mentioned three provinces will be, for a period of two years beginning from the day of the putting into force of the convention of May 16, 1930, at the rate of C.G.U. per 100 kilograms". According to another, the "import duty on anthracite coal, that is to say, coal in which the relation between fixed carbon and volatile matter (full ratio) is at least 5, will not exceed C.G.U. 0.89 yer ton." The above two articles had been very much discussed; and in fact, the inability to come to an agreement relating to the rate of duty on these two articles had hely up the signing and ratification of the Convention for the past few years. It will be seen that there will be a considerable decrease in the import duty on rice and coal imported from French Indo-China! But the consensus of Chinese opinion is quite favorable to this arrangement, pointing out, that the decrease in the import duty on rice is comparatively small; and further, is limited to a period of only two years; and is not likely to do any harm to the Chinese rice industry, whereas the duty on coal could be increased when China could produce more native coal by herself by allowing the French to increase the taxes on some of the Chinese articles imported to French Indo-China! The Chinese add that the conclusion of a commercial convention is always the result of mutual concessions and the exchange of one prilivege with another for the mutual benefit of both.

Legislative Yuan's Two Recommendations

When the new Convention was under discussion the Legislative Yuan, the Chinese law-making body, while approving the Convention, submitted two recommendations for the consideration of the Government, namely, that the responsible organs be instructed to devise relief measures, so that the consumption of native coals would not be in any way affected by the decrease in the import duty on the anthracite coal from French Indo-China. Secondly, special attention should be paid to the following points when the revision of the Yunnan-Annam Railway Regulations and the Railway Police Regulations take place; and these points are:—

1. The Railway shall pay the land tax in accordance with the price of the land then prevailing for the land the Railway has traversed. The land which remains unused shall be returned to the Chinese.

2. The tariff of the passengers' fees and freights shall be revised and reduced. The new tariff shall be submitted for the approval of the Chinese Government. The Railway Company shall not increase the tariff at will.

3. The railway equipment and materials, imported for the use of the Railway, shall not be exempted from taxes as before.

4. The Railway Company shall submit its annual business report and other accounts for the registration of the Chinese Government.

5. The Railway police shall be permitted to perform their functions, in the railway stations.

While the first recommendation is more or less a Chinese domestic industrial problem, the second will a have great deal to do with the improvement of the railway and the development of the Sino-French trade relations in the South. So, we hope, these recommendations will soon be realized, thus making the present Convention a true "commercial" convention, aiming at the development and improvement of the trade relations between two friendly powers!

Nanking, July 26, 1935.

Japanese Army Tells Finance Minister It Needs Money—Not Interested in Method of Getting It

A STRONG warning that the continuation of excessive issuance of "red ink" bonds would lead to a "printing press economy" was issued July 26 by Korekiyo Takahashi, Japan's aged Finance Minister, prior to his departure for a summer vacation at Hayama. With the budget continually depending on public borrowing to meet the huge annual deficit, the time will come when private financial institutions will stop buying Government bonds, placing the entire burden on the shoulders of the Bank of Japan, Mr. Takahashi said. When this point is reached, the nation will experience "virulent inflation", affecting the livelihood of the people, he continued. The problem of the Exchequer, therefore, Mr. Takahashi went on, is to ensure the satisfaction of the demands of national defense, industrial rehabilitation and other important undertakings, at the same time protecting the tax-payer.

Mr. Takahashi bitterly attacked those who believe that bonds could be issued without limit, so long as they remained within the country.

The War Office July 27 served notice on the Finance Ministry that it intended to press its demands for larger appropriations for national defense, in view of the "international instability". "All we want is a minimum strength compatible with the unstable international situation", the spokesman said. "We are not concerned how the Finance Ministry raises the necessary funds,—through the issuance of bonds, taxation increases or any other financial devices."

Rengo states that between Yen 660,000,000 and Yen 670,000,000 will be asked by the Army in the 1936-37 budget, as contrasted with an appropriation of Yen 491,000,000 in the current year. Officials of the War Officie express their dissatisfaction with the efforts "to sacrifice national defense for Mr. Takahashi's 'sound economy' views". The War Office has already completed the preparation of the Army's estimates, which will now go for approval to Gen. Senjuro Hayshi, War Minister, prior to their presentation to the Finance Ministry.

War Office officials indicated that they would seek appropriations which they consider necessary, despite Mr. Takahashi attempts to slash the Army's demands. National security, they said, must stand above all financial considerations.

The statement made by Mr. Takahashi, emphasizing the vital necessity of limiting the issue of budget deficit bonds, was given a hearty welcome in the Japanese press.

The *Yomiuri*, in a leading article declared that the favorable reception in financial circles given Mr. Takahashi's statement is easy to understand, and added that industrialists, in upholding he minister of fin ance, are perhaps actuated by a desire to minimize the forthcoming increased taxation.

The *Nichi Nichi* stated that Mr. Takahashi's statement is timely and wishes the Minister of Finance success in his strenuous efforts to check the expansion of the budget and stabilize finances.

The Tokyo *Asahi* July 26, stated that the Yen 900,000,000 five-year plan is to be divided into the following three basic groups:

Arms completion five-year plan requiring a total of Yen 500,000,000; five-year plan for improvement of armaments in Japan Proper, including Korea, requiring a total of Yen 200,000,000; five-year plan for promotion of armaments in Manchuria, requiring a total of Yen 200,000,000.

For the time being the system of replacing army divisions in Manchuria by turns is to be maintained, and better contact is to be maintained between the troops sent to Manchuria and those having charge of the absent divisions. The troops having charge of the absent divisions are to be promoted and special equipment is to be made for their practice.

Japan to Extract Oil from Coal on Large-Scale

Rengo reports that extraction of heavy oil from coal will soon be undertaken in Japan on a wide-scale, as the result of highly successful experiments in the liquefaction of coal. The process, perfected by Dr. Hajime Isobe of the Research Institute on Physics and Chemistry, after ten years' experimentation, permits the extraction of high-priced oil from low-priced coal, with relatively small cost of production and within a short time.

Japan-Netherlands Shipping War Intensified

Renewal of the feud between the Japanese and Netherlands shipping concerns operating vessels between Japan and the Netherlands East India is foreseen as the result of the reported intention of the Java-China-Japan Lijn to extend its services in competition with the newly formed Nanyo Kaiun Kabushiki Kaisha. The Netherlands company has reportedly decided to extend the irregular Java-Shanghai line to Osaka, via Fusan, Korea. It is also allegedly planning to open a direct regular line to Osaka.

Communications Ministry to Have Own Air Training Schools

Aviation schools will be established by the Japanese Ministry of Communications to train 1,400 pilots and 300 mechanics within the next ten years, officials of the Ministry announced July 25. Of the 1,400 pilots, 1,000 will hold second-class papers, equivalent to the private pilot certificates elsewhere in the world, and the remaining 400 will hold first-class papers, similar to commercial pilots' certificates abroad.

Bank of Japan Buys S.M.R. Sterling Bonds.

Fears of violent fluctuations in the yen exchange rate following the redemption of £6,000,000 worth of the South Manchuria Railway Company debentures next January were dispelled July 25 when the Bank of Japan announced that it has already purchased one-third of Yen 45,000,000 worth of bonds held by Japanese investors.

Extreme Competition Cuts Down Revenue of Cruising Taxis in Tokyo

According to a survey carried out on May 28, there are 2,421 cruising taxis in Tokyo. Their average net earnings were Yen 13.98 per day after the cost of gasoline and oil spent in running 211.86 miles during that time had been deducted. The average return per mile was a little more than 15 sen per mile. Hire cars of the non-cruising variety numbered 1,279, ran 70.42 miles a day, whereof 43.9 miles were with a paying load, and their earnings averaged Yen 9.50. There are 20 hire-cars to every 10,000 inhabitants in the Japanese capital and the average returns are so small as to hardly bring in any profit.

Increased Duty on Motor Car Parts Is Aimed at Ford and General Motors

The placing of the motorcar industry under a franchise system, with the simultaneous raising of the present 35 per cent ad valorem tax on automobile parts to 50 per cent, is contemplated by a bill designed to promote the Japanese automotive industry which has just been drafted by the Ministry of Commerce and Industry. The 50 per cent ad valorem duty on assembled cars, however, will not be affected. The enforcement of such a law will have widespread effects on the operations of the Ford Motor Company and the General Motors (Japan) Corporation which maintain assembly plants, the former in Yokohama, the latter in Osaka.

Japanese Textile Market Anticipates Further Spinning Cut

The Osaka cotton textile market is preparing for another reduction in the number of spindles in operation, although representatives of the bigger Japanese firms succeeded in referring to a sub-committee a motion providing for such action submitted by smaller mills at a meeting of the Standing Committee of the Federation of Cotton Spinners. The cut in production was held inevitable by experts, in spite of the opposition of the larger concerns, in view of the rapid increase in cotton textile stocks on hand, the sluggishness of foreign markets and the fact that most of the raw cotton stocks bought at advantageous rates have been practically exhausted. Decreased production, it is hoped however, will bring higher cloth prices.

Japan Cloth Exports Show Great Drop

The North China controversy and the large stocks of cotton cloth in China are blamed for the unprecedented drop in the export of cotton textiles to Manchukuo and China during June. A drop of 32,988,768 yards was registered in the exports to the two countries as compared with May, and a loss of 21,859,771 yards when contrasted with June, 1934. The total exports amounted to 200,637,882 yards for the month.

Tsingtao Consul-General Ordered Home—Temporary Official Appointed

Repercussions of the huge defalcations committed in the last two years by Tojiro Mogi, former Japanese vice-consul in Tsingtao, were heard July 24 with the publication of orders directing Junzo Sakane, consul-general in Tsingtao, to proceed home. Akiyoshi Tajiri, chief of the second section of the East Asia Bureau of the Foreign Office, has been appointed consul and directed to take charge of the consulate-general pending the return of Mr. Sakane. Mr. Mogi is now awaiting trial following his surrender to the police and subsequent confession that he had misappropriated at least Yen 166,500 in official ("secret service") funds. He says he spent most of the money in silver speculation and horse-race gambling.

THE GIST OF JAPANESE PRESS OPINION

With a new government now created in North China, the situation in the Provinces tends to stabilize, and offers chance for economic cooperation between North China and Japan. For success in such cooperation the Nanking Government's support of efforts to maintain order in North China is needed.—*Tokyo Chugai.*

It is really regrettable that the Soviet policy in the Far East cannot be trusted. Moscow relinquished the C.E.R. not for the sake of peace but only for obtaining what it needs by dropping what it does not need. This, the Soviet attitude on the border troubles well proves, and deserves Soviet reconsider tion in due time.—*Tokyo Miyako.*

The Tripartite negotiations for appointment of the Manchu-Soviet-Japanese frontier committee appear to command no prospects of a satisfactory conclusion in the near future. The Moscow Government has no sincerity in discussing means of establishing the border peace. The proposed committee would thus be worse than useless.—*Tokyo Asahi.*

Many officials in responsible positions forget their duties and work for selfish ends. This often gives rise to scandals. These must be either stopped altogether or restricted for the sake of discipline.—*Tokyo Hochi.*

Japan's resorting, as she did to a retaliative tariff policy against Canada's action, cannot be too much justified in view of the latter's unreasonable challenge. The Canadian attitude, together with the Egyptian Government's recent notification, indicates that the Ottawa agreement is the source of all troubles.—*Tokyo Chugai.*

While there is nothing wrong in the anti-Minobe Theory movement, it is nevertheless disgusting to note that the Seiyukai talks of it only for the sake of its political interest. Particularly disappointing is the allegation that some of the party members want for it cooperation with the military.—*Tokyo Miyako.*

General Hayashi Demands "Complete Eradication" of Dr. Minobe's Theory

"Complete eradication" of Dr. Tatsukichi Minobe's controversial thesis that the Emperor is not the State itself, but merely one of its organs, was demanded by Gen. Senjuro Hayashi, War Minister, in a statement issued on his arrival in Tokyo July 27 after a trip to Osaka, where he inspected the military establishments and munitions plants. "If the Government issues such a declaration it must quite definitely express its intention to stamp out Dr. Minobe's theory, not necessarily specifically naming it," Gen. Hayashi said. It was of little importance whether the Cabinet or any other official body issued the declaration, so long as it was made clear that the statement expressed the Government's views, the War Minister asserted. The Cabinet was expected to issue its officially-stamped theory of state and nationality, on August 1. A draft statement embodying the Government's views on the theory of State has already been prepared by Takesuke Shirane, Chief Secretary of the Cabinet.

As soon as the official declaration is made, Gen. Hayashi continued, active steps should be taken to secure "complete eradication" of the theory.

Reversing its announced intention officially to stamp out the so-called "Minobe thesis" on Aug. 8, the Government July 31 decided to issue a statement on an officially-approved theory of State immediately after the Cabinet session on Aug. 1. The wish of some Ministers to synchronize the judicial and administrative sanctions against Dr. Tatsukichi Minobe, prominent scholar who propounded the theory that the Japanese Emperor is an organ of the State in contrast to the more orthodox view that the sovereign is the State, caused the Cabinet to postpone the publication of its statement until Aug. 8.

Gen. Hayashi July 31 again called on the Premier to urge him to take an unequivocal stand against the scholar's teachings which run counter to the more orthodox view that the sovereign is the State.

Drastic Action Forecast for Writers of Pamphlet on Army Reform

Drastic disciplinary action against two suspended officers, who are alleged to be the authors of a new sub-rosa pamphlet assertedly exposing two recent abortive subversive movements in the Military Academy, was forecast by army officials in Tokyo, July 31.

Captain Koki Muranaka and Paymaster-Captain Asaichi Isobe, the reputed authors of the pamphlet, allegedly exposed disturbances which assertedly occurred in the Military Academy in October last year and in March this year. The reported "coups" were said to have been summarily suppressed and all information regarding the affairs banned.

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Wholesale Decorations Awarded for Service in "Manchuria Affair"

More than 36,000 persons, a large majority of them civi servants who never saw front-line action, have been rewarded for their part in the "Manchurian Affair", the Board of Decorations announced July 25. General Hanzo Hanata, who is now on the reserve list, and General Jinzaburo Mazaki, until recently director-general of military education, are at the head the list of those receiving decorations. They were respectively Chief and Assistant Chief of the Army General Staff at the time of the outbreak of the "Mukden Incident." Lieut.-General Yusuke Yanagama, commander of the First Division, and former Vice-Minister of War, has also been rewarded.

Besides these, 20,000 members of the military and naval forces, 10,000 civilians in Army employ and 6,000 officials in the Ministries of Foreign Affairs, Overseas Affairs and members of the police force on duty in Korea at the time, are included among those who are receiving awards.

General Sadao Araki, who became Minister of War late in 1931 and remained in the post until January last year, and Gen. Senjuro Hayaehi, his successor and incumbent, are omitted from the list, as they are due to be rewarded later. General Araki is reportedly slated to be created a baron, together with General Shigeru Honjo, chief aide de camp to Emperor Hirohito and former commander of the Japanese Kwantung Army.

Major-Generals Isogai, Umetsu Get Rising Sun Insignia

Lieutenant-General Yoshijiro Umetsu, commander of the Japanese forces in North China, and Major-General Rensuke Isogai, Military Attache to the Japanese Embassy to China, also residing in Shanghai, were among those who received decorations. The awards were made for meritorious service at home during the Manchurian and Shanghai "Incidents." Lieutenant-General Umetsu received the Order of the Rising Sun, Double Rays, and Major-General Isogai, the Second Class Insignia of the same order.

Pu Yi to Receive Visit from Ex-Tutor

Sir Reginald Fleming Johnston, professor of Chinese at the University of London since 1931 and former tutor to Pu Yi, departed from London July 27 to spend a few months in the Far East. During his stay in the Orient, Sir Reginald will stay at Changchun for a few weeks as the guest of his former pupil.

B.A.T. Doing Good Business in Manchukuo

"Roaring business" is reported by the Mukden office of the British American Tobacco Company, the concern running far behind in filling current orders. As compared with the normal stocks on hand equal to a three-month demand, this summer the Company had not been able to keep up with the orders coming from all parts of the country. Sales of Yuan 1,000,000 each in May and June were reported by the officials of the firm.

Protest Lodged With Soviet Consul in Harbin Regarding Alleged Attack on Japanese Vessel

Mr. Satoh, the Japanese Consul-General in Harbin July 29 handed a Note to M. Slavutsky, the Soviet Consul-General, concerning the alleged firing by Soviet troops on a Japanese motor-boat. The incident is stated to have occurred on July 9, when the motor-boat while transporting a number of miners along the Amur River, is alleged to have been fired on by Soviet soldiers at a point about 400 kilometers above Heiho.

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South Manchuria Railway and Army Agree on Exploitation of North China

The Japanese Kwantung Army authorities and the responsible representatives of the South Manchuria Railway, who have been negotiating for a long time about a plan for the economic development of North China, recently arrived at an agreement regarding its principles. In principle the two parties agreed first to improve the means of communication so that the linking of railways and ports will become more effective and the transportation charges will be lowered. The plan under discussion includes the utilization of the Tsingtao and Chingwantao ports for transportation of coal and iron in North China, (2) to open the port of Taku and expand the Tangku port so that ships 6,000 tons may come in, so that Taku may eventually become the largest trading port of North China, (3) the first railway line to be constructed will be 2,200 kilometers in length and will cost $180,000,000, (4) the second railway line to be constructed will cost $100,000,000, (5) the re-construction expenses for the Peiping-Mukden Railway will be $150,000,000. The expenses for reconstructing the existing railway lines amount to $100,000,000. The S. M. R. recently issued bonds and increased its Government Capital so that at present it is able to raise $728,000,000 and appropriate $100,000,000 for economic development of North China. In deference to the opinion of the Kwantung Army, the S. M. R. will use the various plans drawn up by the Army in investing its capital.

Similar expansion on the part of the S.M.R. is planned in Manchuria. Ten railway lines with a total length of 15,375 kilometers are being constructed under the supervision of the South Manchuria Railway Company for the Manchukuo Government, at an aggregate cost of Yen 110,000,000. The construction work represents the third stage of the extensive railway-building program planned by the Government in conjunction with the Japanese concern, the railroads in operation at the end of the second stage extending 10,628 kilometers. The total cost of construction since the commencement of the plan in March, 1933, has reached Yen 358,000,000. Six new lines were opened for operation during the first two stages of the program.

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Yosuke Matsuoka to Succeed Count Hayashi as Head of S.M.R.?

Count Hayashi, President of the South Manchuria Railway, is expected to resign. Yosuke Matsuoka, former Vice-Minister for Foreign Affairs and former Vice-President of the S.M.R., who led the Japanese delegation out of the League of Nations in 1933, is mentioned as the most likely successor to Count Hayashi.

Communist Congress Assembles---Trend Is Towards Democracy

The Seventh World Congress of Communists Internationale opened in Moscow July 25. Stalin's appearance in the hall was greeted by a prolonged ovation. Wilhelm Pick, German Communist Party, delivered the opening speech. The elected presidium consists of 42 members including Browder, (U.S.A.) Wang Ming, (China) Dmitrov, Cachin, Kuussinen, Lonsky, Manuilsky, Pick, Pollitt, Piatnitsky, Stalin, Thaelmann, Torrez, Foster, Ercoli, Florin and others. The Congress unanimously elected Ernst Thaelmann, who is languishing in a German prison, honorary chairman. The Congress was greeted by representatives of the Chinese and Spanish Communist Parties and by a delegation of Moscow workers. Cachin made a speech in reply to these greetings.

The future policy of the Communist Internationale, and the part to be played by its members all over the world in the struggle against Fascism, was outlined in detail by Herr Pieck, head of the German Communist Party, in a speech which lasted over six hours. Its chief points were:

Considering the failure of Socialism and of the Second Internationale, Communism must become the only catalyzer of forces striving at the destruction of capitalism. It is, however, necessary for the Communists to rally around them all parties impregnated with democratic ideology, even those whose methods differ from those of the Communists, as long as they aim at the destruction of Fascism, capitalism and imperialism. The Communist Party must conserve the general leadership over the operation and be the soul of the coalition. The organization of the Comintern (Communist Internationale) must adapt itself to regional needs. Its national sections will enjoy a wide autonomy, but will, nevertheless, receive their instructions from the Comintern, on which they will continue to depend. The speaker then stressed the necessity of assigning particular tasks to certain national sections. Thus, he said, the Chinese section must defend the integrity of China's territory against foreign imperialism. The work to be assigned to the French group is of a very general character—conquest of the masses, struggle against the Fascists, and a rapprochemment with the U.S.S.R.

Support Is Asked for Democratic Institutions

Belief that the economic depression prevailing in most capitalistic nations of the world would promote the cause of world-wide revolution was expressed when the Congress opened. Six hundred delegates, representing 65 countries, were in attendance as the Congress swung into action. The representatives hoped to take advantage of the depression which, they reported, still has the capitalist world in its grip, and they felt confident that continuation of unfavorable economic conditions would foster world-wide revolt. The newspaper *Pravda*, official organ of the party in the Soviet Union, declared editorially, "The Communist Party should assist in maintaining liberal democratic governments in other countries as the chief bulwark against Fascism."

The declaration was regarded as a revolutionary departure from previous Communist doctrine. In the past, Communist parties of the world have been actuated by the principle of war against all bourgeois governments, regardless of their liberal or radical shadings.

Greetings were sent to the Congress by representatives of the Chinese and Spanish Communist Parties and by a delegation of Moscow workers.

Manchukuo Files New Protest With Soviets

Charges of violation of Manchukuo's territorial integrity by Soviet frontier guards and of wilful interference with refloating operations of a Manchurian river gunboat were contained in a protest filed with Soviet Consulate-General in Harbin by the Office of the Commissioner of Foreign Affairs July 23.

Soviet-Japanese Fishery Talks Deadlocked

Deadlock in the Soviet-Japanese negotiations of the revision of the Fisheries Treaty was reported July 29 to the Foreign Office by Mr. Ohta, Ambassador to Moscow. The Soviet delegation is still insisting on the retention of the system of auctioning fishing lots, and also proposes an increase in the number of bidders and in the number of fishing districts directly operated by the Soviet Government, Mr. Ohta's report said. The Japanese representatives, on the other hand, demand the abolition of the auctioning system, and propose the division of fishing lots by direct negotiations between the two Governments.

Soviets Asked Manchukuo to Dismantle Border Defenses

Dismantling of Soviet military establishments on Manchukuo territory at the confluence of the Amur and Ussuri Rivers was demanded in a note dispatched by the Hsinking Government to Moscow beginning of this week. The Hsinking officials alleged that Soviet Russia has been strengthening her defenses in the region, including the construction of an airdrome. Such actions, they said, is in direct contravention to the Foreign Office's note to Moscow of September 19, 1934, which brought the Soviet authorities' attention to the Peking Treaty of 1860. The note emphasized that the territory at the confluence of the two rivers belonged to Manchukuo and urged the dismantling of Soviet military establishments there.

Intelligence services, not exclusively Japanese (says George W. Gorman, writing in the *Japan Times*) reveal that General Galen has a quarter million men under his command spread between Irkutsk, Harbarovsk and Vladivostock. This large army is working furiously towards the objective of complete independence of stable supplies. The plan aims at utilizing district coal and iron and certain other minerals in the large arsenal at Harbarovsk; at the same time the commissariat has been able to make a lot of headway on the road to regional food supplies, without recourse to Moscow. Strategic points from Vladivostok to Chita are encompassed by steel and concrete. Railways are double tracked. It is estimated that 800 airplanes are distributed throughout Siberia.

Explorer Bering's Original Works Found

The original works of Bering, famous Arctic explorer, have been found by Academician Gorin, president of the White Russian Academy of Sciences and student of the history of Russian-America relations, at Minsk, Siberia.

Soviet Press Becomes Alarmed at Results of Easy Divorce

Moscow *Izvestia* July 4 sharply criticised the high divorce rate and the large number of fictitious marriages in Moscow, asserting that it is high time to declare that lightmindedness in family affairs is a crime and insult to the morality of the Socialist regime. It accuses people with lower middle-class roots of being those responsible for upsetting the foundations of the Soviet family, claiming that the majority of divorces are registered by the non-worker elements.

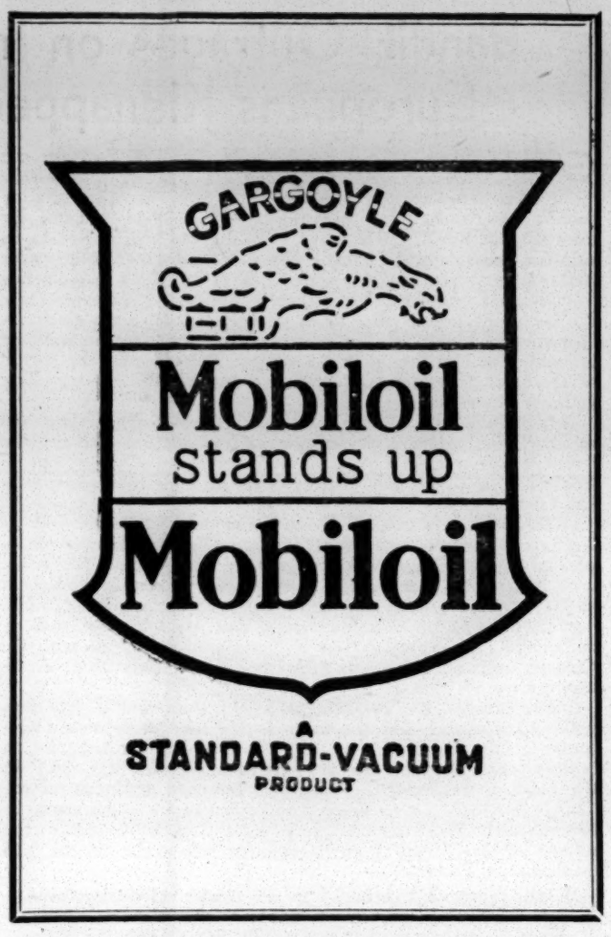
In 1934 44,851 marriages were registered in Moscow, and the number of divorces was 37 in each hundred marriages. The rate for 1935 is higher still; in May there were 44 divorces for every 100 marriages.

Sino-Soviet Cultural Association Formed

A meeting of the promoters of the Sino-Soviet Cultural Association was held in Nanking July 25. Among those present were Chang Chung, representative of the Central Party Committee for the Direction of Mass Movements, Hsu pei-hung, Professor of Fine Arts of the National Central University, Wang Lu-i, Secretary-General of the Control Yuan, Chang Chiung, Director of the Department of Social Education of the Ministry of Education, and Mr. Saratovoleff, Secretary of the Soviet Embassy. The object of the Association is study Chinese and Russian culture and to promote friendly relations between the two countries.

League of Young Russia Enunciates Its Principles

The League of Young Russia in Shanghai has issued a declaration to the effect that its members believe that the decisive step in the Russian National Revolution will be taken by constructive forces (both in and outside of Russia), and that communism will be overthrown by leading groups now working in USSR. The principles of private property and initiative are wholly adopted by its members, though they consider that the economics of the state have to be regulated by some definite plan. The Mladorosses (the Russian name of the League) consider as necessary the cooperation of the nationalistic forces inside of Russia with nationalistic Russian forces in foreign countries.



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(F)

Bandit Outrages on Increase---Trains Derailed, Europeans Kidnapped, Japanese Butchered

GARETT Jones, who is travelling in the Far East for the *Manchester Guardian*, and Dr. Herbert Mueller, the *Deutsches Nachrichtenbuero* representative in Peiping, were captured by bandits near Paochang, 83 miles northeast of Kalgan and not far from Kuyuan July 27. The two captives, it was stated, were to be held for a ransom of $100,000. Mr. Jones and Dr. Mueller were endeavoring to reach Dolonor by the so-call Gobi express bus from Kalgan when they fell into the hands of the bandits. Their Russian chauffeur was also taken prisoner, but later was given his liberty. He has in the meantime arrived at Kalgan and he brought with him details of the ransom demanded for the release of the other captures. Mr. Jones recently had been travelling in Inner Mongolia.

In attempting to reach Dolonor from Kalgan, they had to travel through a large section of country unsettled by the recent withdrawal, owing to Japanese demands, of the troops of General Sung Cheh-yuan, former Chairman of Chahar Province. Dr. Mueller speaks excellent Chinese.

The British authorities in Peiping telegraphed the authorities at Kalgan to intercept Captain Scott, Assistant British Military Attache, who is now returning there from a journey through Inner Mongolia. It is understood that he will be instructed to remain in Kalgan to investigate the affair and endeavor to effect the release of Mr. Jones. Meanwhile, it is understood that the Japanese military authorities have expressed their willingness to co-operate with the Chinese authorities in their efforts to secure the release of the captives.

Dr. Mueller was later released, but the bandits left him without any clothes. Much anxiety is felt for Mr. Jones, who speaks no Chinese and it is very doubtful whether any of his captors speak English. At last reports Mr. Jones was still in the hands of the bandits. Gen. Chin Teh-chun, chairman of the Chahar Provincial Government, telegraphed to the magistrates at Kuyuan and Paochang to exert every effort to secure the release of Mr. Jones, who is believed still to be in the hills northeast of Paochang.

Eight Japanese Butchered in an Attack on Changchun-Kirin Express

Crying "Kill all the Japanese!" 70 professional bandits, augmented by 30 gravel-carrying coolies, on the night of July 29 overturned the S. M. R. Changchun-Kirin express—a passenger train—and savagely butchered eight Japanese to death. Three Chinese and one Russian were also killed. Many others are believed to have been kidnapped and wounded by the bandits, who retreated to the mountains upon the approach of punitive forces.

The train was raided at a point 70 kilometers east of Hsinking in the night of July 29. Those wounded include five Japanese and three Manchus and Chinese. Three among them are reported to be in a critical condition. Those missing include 25 Chinese and Manchus. The attack took place at 8.40 o'clock at a point between Yinchengtsu and Tumenlin. Two hundred brigands participated in the raid according to an announcement made by the Japanese gendarmerie Headquarters at Hsinking. The outlaws removed the rails, causing the train to careen down an enbankment. A withering fire was then directed upon the wrecked cars by the ambushed "tufei".

Investigators state that the bandits were mostly farmers who had been driven from the mountains by the heavy rains and floods and landslides which had destroyed their crops. They then started across the country seeking food and found their opportunity in the train. Japanese and Manchukuo pursuit parties are combing the mountainous region north of Tumenling. The bandit gang was located July 31 by the pursuing troops 11 miles southeast of Tumenling.

Bandits Foiled in Effort to Loot Tsingtao-Tsinan Train

Well-armed bandits derailed the Tsingtao-Tsinan express train at 1.30 a.m. July 28 at a point near Hsiamotun, but the forewarned guards succeeded in repelling the attack. Two railway employees were hurt and the locomotive and three carriages went off the loosened rails, but no passengers were injured. The attackers, numbering about 15, were hiding in the thick growth of kaoliang along the railway, when the train was derailed. They immediately opened fire on the train, but their attempts to approach the carriages were frustrated by the guards. The guards were forewarned, as the railway authorities had information that bandit gangs from Anhwei, pressed hard by the bandit-suppression corps and the flood, planned to attack trains on the Kiaochow-Tsinan Railway.

Four Japanese Officials Killed by Bandits in West Hsingan

Airplanes were mobilized June 25 to pursue a band of 500 brigands who killed four Japanese officials and one woman in a sudden attack on the office of the Naman Banner in West Hsingan at noon of July 23. Pursuit planes were also dispatched by the Department of Defense of the Manchukuo Government. Hsingan Province lies next to the Manchukuo border with Outer Mongolia. Dispatches indicate that the raiders consisted of so-called Communist bandits, whose ranks have been swelled by the addition of remnants of former Chinese North-Eastern forces. Dressed as farmers they apparently crossed from Jehol into western Hsingan with Pahsientung as their objective. The hamlet has always been a sore spot in the administration of the Hsingan area, Mongols and Chinese immigrants having clashed there on several occasions since the time of the late Marshal Chang Tso-lin.

The attackers released 540 convicts who were in the prison and made them join their forces. After burning down the magistrate's office the bandits changed into police uniforms obtained from the police station and commandered a house for use as their headquarters. The homes of residents were not fired. Meantime, Japanese forces were being rushed in motor trucks to aid Manchukuo forces in coping with the bandits, as the leader of the Naman banner gathered volunteers and pledged co-operation with the relieving forces in efforts to recapture the occupied hamlet.

Japanese detachments sent to restore order in the Naman Banner area in western Hsingan province July 26 reported that they had come into contact with what appeared to be scouting groups of the bandits who the previous day ransacked the banner headquarters and killed four Japanese officials and one woman. The troops immediately deployed for action and were last reported to be converging on the brigand headquarters at Pahsientung, near Naman July 28. When Mr. Fujikawa, a Japanese captain in the Manchukuo police service, and Mrs. Fujikawa, arrived they were picked up in an exhausted condition at a point about 50 Chinese li from Pahsientung, by a Japanese punitive column. Disguised in Chinese clothes, they managed to break through the bandits' lines and escape safely.

It is stated that the leader of the rioters who recently attacked the local office of Naiman Banner, is Lieu Chen-tung, who was formerly under the command of Gen. Chang Hsueh-liang.

Bandit Menace in Yenching

In view of the growing bandit menace there, four representatives from various public bodies at Yenching in Chahar arrived in Peiping from Kalgan July 23 to appeal to the local authorities for relief. They called on the Peiping Political Readjustment Council and requested the sending of troops to Yenching to suppress the bandits who have been active there recently.

Judge Helmick Addresses Rotary Club on Juvenile Courts

Judge Milton J. Helmick, of the U.S. Court for China, addressed the Shanghai Rotary Club, July 25, on the subject of Juvenile Courts in the United States, in the course of his remarks drawing on his experience in New Mexico. He said it had come to be recognized as absurd that a child should be called up for trial in the criminal courts, or exposed to the atmosphere of the ordinary criminal procedure. Juvenile offences should not be cansidered criminal, and, instead of treating them as misdemeanents, who have violated a section of the Statute, and automatically apply the penalty of that Statute, they should be treated as humans, the cause of the delinquency ascertained, and the remedy applied.

"There are no miscarriages of justice in Juvenile Courts" said Judge Helmick. "There are no counsel with objections and explanations: no false witnesses: no postponements: no fake alibis: no artificial rules of evidence, and all the other mumbojumbo of criminal jurisprudence. The thing takes place not in a courtroom, but in a Judge's Chambers. Social service workers, who have been trained, assist the Judge, together with probation officers of experience, and the thing becomes a sort of social clinic.

"Eighty-five per cent of all juvenile delinquents come from abnormal homes, and there are more boys in trouble who have no father than, I think, who have no mother, which leads me to the conclusion that the father, after all, is the important element. No boy is sent to the reformatory for the first offence, but he is put on probation, a thing which is easy to say, but a difficult thing to accomplish, follow up, and handle correctly."

He sketched briefly some of his juvenile court experiences and from these drew some generalities. He dealt with young people of all ages, and he stated that he had the good fortune to be following the careers of a number of these even at the present time. An interesting point was brought up in the mention of the question of probation. Judge Helmick traced the history of a disciplinary organization that had come to his notice in New Mexico. This was created especially for juveniles on court probation and proved successful in many ways.

In closing the speaker made some mention as to what the future of juvenile courts and criminal procedure in general might be. Judge Helmick feels that the juvenile court has pehaps in-

fluenced criminal procedure in general. He feels that in the future the criminal will be dealt with in a manner far different from that of today. The criminal will perhaps be treated as one suffering from a disease, he added.

U.S. State Department Drops the Case of James Lin

The U.S. State Department July 25 dropped the case of James Lin, son of Lin Sen, President of the National Government of China, who allegedly married Miss Viola Brown, of Columbus, Ohio, without first having obtained a divorce from his two wives in China. State Department officials said the Chinese Legation was handling the case.

Death Occurs of Henry Rogers

The death occurred in New York July 25 of Col. Henry Rogers, who inherited one of the great Standard Oil fortunes, estimated two years ago at $40,000,000. Although identified principally with the Standard Oil Co., in which he was a large stockholder, Col. Rogers also had an extensive interest in American railways. He was an enthusiastic officer of the New York National Guard from 1904 until the World War, in which he served as an artillery officer.

U.S. Marine Headquarters May Be Moved from Quantico to San Diego

It is reported that there is some likelihood of moving the headquarters of the United States Marine Corps from Quantico, Maryland, to San Diego. If the move is approved, Major-Gen. Charles H. Lyman, who was formerly stationed at Shanghai, and who is at present in command of the fleet force, will remain at Quantico until he succeeds to the command at San Diego.

President Roosevelt Orders Deportation of 150 Undesirables

President Roosevelt July 26 ordered the largest wholesale deportation of alien criminals in the history of the U.S.A. Over 150 murderers, mail robbers, confidencemen, white-slave traffickers and narcotic peddlers were ordered returned to their native lands. A score of countries are affected by the deportations, the largest contingent, 62, being Italian, and the second largest, numbering sixteen, being Chinese.

Electric Bond & Share Co. Reports Net Income of $9,336,000

Net income during the year of U.S.$9,336,000, compared with the previous year's figure of U.S.$10,160,000, was shown in the yearly report of Electric Bond and Share Company, for the year ended June 30, published July 26.

General Motors' Shows Net Profit of $49,925,000

The second-quarter earnings of the General Motors Corporation showed a net profit of $49,925,000, which is equal to $1.17 a share (common). This compares with a net profit of $37,973,000, equal to $0.88 a share, for the corresponding period of 1934.

Bethlehem Steel Corporation Pays $1.74 on Preferred Shares

The second quarter report of the Bethlehem Steel Corporation, published July 25 gave the net income of the corporation during the period at $1,801,000, compared with $3,442,000 during the corresponding quarter of 1934. The corporation declared a dividend of $1.74 on its preferred shares.

U.S. Senate Passes Bill for Army Air Bases to Defend Alaska

The Senate July 29 passed the bill authorizing the construction of six key Army air bases to defend Alaska and the frontiers.

Senate Approves U.S. Banking Bill

The U.S. Senate July 25 approved the provision of the administration Banking Bill which requires that banks whose deposits are insured with the Federal Government must be members of the Federal Reserve System. The Central Bank amendment promoted by the Rev. Charles E. Coughlin, the Detroit radio priest, was defeated.

Replying to a petition signed by 46 senators President Roosevelt said July 26 that he would execute the Silver Purchase Act in a manner most advantageous to the public interest.

Filipino Gold Flows in Steady Stream to the United States

A steady flow of gold has been going of late from the Philippines to the United States, averaging more than one million dollars a month. Evidence of the Philippines' copious mineral resources has eliminated a doubt, which existed several years ago, in regard to the Philippines' ability to maintain a gold-exchange standard of currency when the islands are finally granted independence. Active interest is also being expressed in the United States in the commencement of chrome ore exploitation in the Philippines, which is expected to increase still further the value of mineral exports from the islands.

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Why Japan Risks War

WHEN Koki Hirota, Japanese foreign minister, declared last fall that the keystone of his foreign policy would be "a practical solution" of the Sino-Japanese question, he left the tacit assumption that the solution would be a peaceful one. Those familiar with the situation are quite convinced that Japanese imperialists are planning to extend Japanese rule over the North China provinces. From their standpoint subjugation of these provinces is imperative in view of the larger aims which comprehend Japanese hegemony on the mainland. Japan will control the trade routes of Outer Mongolia through Chahar and Urga and will be placed in a position where she has severed direct connection of the Soviet Union with China proper. Of more immediate importance is the fact that the conquest will open up a vast new market. Japan's conquests on the Asiatic mainland are already known in Tokyo as Nippon's "life-line." Japan, without new markets and new sources for raw materials which her "God-given islands" are lacking, will founder in the not distant future. And vast Asia is less than a day's distance by battleship. Warboats will undoubtedly be necessary, for Chiang Kai-shek and the Chinese authorities cannot cede these markets to Japan without at least the appearance of a struggle and a conflict is almost bound to develop.

The whole question of Japanese expansion on the mainland is bound up with the quest for markets. The Nipponese home market is peculiarly restricted due to the survival of semi-feudal agricultural economy and the heavy burden of armament expenditures. The stiffening of British and American resistance to Japanese exports to other markets is making itself felt and it is apparent that a closed market must be found. Despite some formal success in forcing Chinese authorities to abate the anti-Japanese boycott, it is clear that popular resistance to the purchase of imperial products cannot be wiped out unless sterner methods are taken. Since the seizure of Manchuria in 1931 there has been a revival in Japanese industry but reports for April indicate that a recession is taking place despite activity in war industries. It was chiefly the manufacture of death-dealing materials that caused the artificial "boom" in Japanese economy these past few years. The economic situation in Japan is dominated completely by the preparations of Japanese imperialism for war. The problem is, how long can Japan's comparatively weak economic system stand this enormous strain?

The preparations for war are best reflected in the Japanese budget. The official estimate for the financial year 1935-36 in millions of yen follows:

Total expenditure (including army and navy 1,021)	2,122
Total revenue	1,402
Deficit	720

Open war expenditures total 48 percent of the budgetary expenditure. It is more difficult to ascertain what extent of the budget goes for secret preparations.

However, commodity prices are declining. To quote *The Oriental Economist*: "Ever since last fall there have been indications of a slackening down of the feverish pace of industrial and business improvements."

Signs of Internal Weakness

These are danger signs of internal weakness and indicate the necessity for quick action. Ever since her rise as a modern nation Japan has used one unfailing formula to pull herself out of economic crises: imperialist expansion on the mainland. She followed that formula in the Sino-Japanese war of 1894, in the war with Russia in 1904, in the world war and more recently in the Manchuria adventure. The logic of her own policy seems to dictate that course again. Natural calamities, too, play their part. The year 1934 was unkind to the rulers (not to speak of the exploited) of Japan.

A fearful typhoon swept across the islands, resulting in enormous property damage and widespread loss of life. The gods of the harvest were unkind too: the yield of the rice harvest was exceedingly low. The production of natural silk fell by 22 percent, partly on account of frost and the damage done to the mulberry trees by the typhoon, but also due to the low prices paid the Japanese peasantry for the cocoons by the big monopolies. As a result of the bad harvest the price of rice rose from 20 yen the koku to 29 yen—a circumstance favorable for the rich peasants and rice speculators but fatal to the poor peasants. As a matter of fact there is outright famine amongst the lowest strata of peasantry this year.

The cessation of the depreciation of the yen in the latter part of 1934 created new difficulties, particularly for the export trade. The increase in industrial production practically came to a standstill in the second half of 1934. The disproportion between the prices of export and import commodities, in connection with the relative stability of the yen during the last six months of the past year, led to a slowing down of the Japanese drive into the world markets. Japanese exporters are forced to throw ever newer types of commodities on the market in new countries at dumping prices in order to obtain the wherewithal for foreign payments necessary to purchase raw materials and equipment.

The Rise of Japanese Monopoly

Japan's internal weakness centers the trend toward monopoly and the consequent ruination of small business and poor farmers. For example, recent bank statements show that the larger banks—particularly the Big Six: Sumitomo, Mitsui, Mitsubishi, Sanwa, Dai-ichi and Yasuda—equalled or surpassed net earnings over previous periods. On the other hand many smaller banks were forced to reduce or pass dividends. Back of these figures lies the fact that the larger concerns, bankers for monopolists and basic industrialists, are able to find ready fields for investment. Smaller banks are hard-pressed to find sound fields for their capital with the small scale capitalists. The truth is that small factory owners are not sharing in the "prosperity" that was artificially induced in 1931 by means of the Manchurian adventure and the consequent need for war supplies, both for that imperialistic transaction and for the planned conflict with the Soviet Union.

The basic industries, as is well known, have been concerned with the production of war materials. So long as the government uses a disproportionate share of its budget for war materials, that long will the larger concerns be able to make profits. For Japan's chief export article, silk, is meeting with growing market difficulties. The following figures are revealing:

VALUE OF JAPANESE SILK EXPORTS
(in million yen)

1925	1929	1932	1933	1934
880	608	413	337	250

When we consider the depreciation of the yen (65 percent) we see that the sum obtained for Japanese silk export in 1934 was but a sixth of 1929's total.

Monopoly, with its ability to jack up prices and beat down wages, creates its own home problem. It is an open secret that wage earners have not shared in the "prosperity" since 1931. Wage rates continue to fall. Prices rise precipitously. So obvious is the falling standard of living that foreign observers have accused Japan of trying to achieve prosperity at the expense of mass living standards, a criticism to which Japanese publicists are very sensitive. Strikes have grown in scope and frequency since the recession of patriotic fervor whipped up during the Manchurian war. Rationalisation of industry is rendered easier by concentration of industry and with that goes the possibility of the use of low-paid, unskilled labor at the expense of the other higher-paid, skilled workers.

Anybody in the know doubts that the Japanese bourgeoisie is doing its utmost to compensate itself for the poorer export possibilities by exercising increasing pressure on the workers. According to the figures of the Bank of Japan (1926×100) nominal wages fell to 82.6 in September, 1934, as compared with 84.7 in September, 1933. This reduction of nominal wages occurred at the same time the cost of living index shot up. That index, according to the Bank of Japan, rose from 147.3 in January, 1934, to 150.1 on October 1, 1934. Even this source, certainly not well disposed toward the proletariat, admits that during the year real wages fell by about 4 percent.

As to the peasant—his position is almost unbearable.

The real problem facing Japanese industrialists is that of making their aggressions palatable to workers and peasants. The bait dangled before them is, in the main, the theory that only expansion can make Japanese industry secure and give it the ability to extend employment. The peasants being forced off the land are told that the nation is over-populated and are intrigued with the prospect that seizures of colonies will provide them with land.

Is the Army Independent?

Despite glowing pictures of a future Great Japan, the imperialists would find it difficult to gain support for their adventure were it not for the peculiar part the military plays in Japanese life. Much has been made in the foreign press of the independent character of the army and its refusal to brook interference from civil authorities when it decides on a policy. There is some basis for this theory and there have been cases is which the Foreign Ministry has been overridden by army chieftains but it is wrong to regard the military as an entirely independent force. The army and navy do have a traditional independence; for instance army and navy ministers are not responsible to Parliament or the cabinet. They may report directly to the Emperor and none but generals and admirals may head the army and navy departments. In this sense they are representative of the old feudal hierarchy which centers around the imperial household and are assured of a minimum of freedom of action.

We must note that the industrialists have never refused to take advantage of the opportunities afforded them by military conquests and that once an adventure is embarked upon all resistance ceases. Japanese capitalists have much to gain from deliberately

furthering the theory of the independence of the military. It gives them a valuable diplomatic weapon since they can hide their complicity behind disavowals of responsibility. The theory of independence of the military is valuable in another respect; the militarists have free play to gain support for conquest by simulating opposition to gross capitalist abuses.

Every acute observer has been struck by the fact that the army is the "radical" opposition to capitalism. General Araki has been very active in that respect and some of his anti-capitalistic pronouncements have a surprising ring to the uninitiated. Of course this sound and fury has never prevented Araki's participation in the government nor has it hindered his own close association with large industrialists. The militarists have thus been able to assume a certain leadership over the discontented middle class and peasants by posing as their friends and protectors. During the Manchurian war the army was the center for pronouncements that the gains to be made would not be permitted to fall into the hands of the capitalists but would be preserved for all of the people. In practice, quite the opposite has happened. Again, it is the army which lures peasants with the hope of territorial gains for the solution of overpopulation.

Every statistical report reveals the fact that the recent aggressions are responsible for economic revival and that gains thus made possible for basis industry have enhanced the control of monopolists over all phases of Japanese life. Even the landlords have been sucked into the orbit of the ever more powerful finance capitalists. They are not opposed to these policies which have feathered their own nests. There is no denying that the army is moved by its own special outlook and that the pouring out of funds for its own benefit drives it to further and further activity.

Of course, certain capitalists not interested in heavy industry are opposed to their rivals and it is equally true that capitalists, afraid of overplaying the conquest game, may try now and they to put the brakes on the army's headstrong plunge into mainland adventures. But they are all riding the tiger and to dismount is as hazardous as to continue the ride.

"Japan Must Drive Ahead"

Cessation of aggression on the mainland would disrupt the entire structure of Japanese economy geared to war time production. The consequent shocks might lead to open outbreaks at home as the shutdown of factories led to unemployment. As the imperialistes see it, there is nothing to do but drive forward and seize large new Chinese territories where the open door can be slammed shut just as it was in Manchuria. In addition the seizure of that territory means the tapping of the raw markets of Mongolia as well as providing an outlet for manufactured goods there.

As a long range project the seizure of this territory will strike a blow at the Soviet Union. Japanese military experts believe that the trade routes give them an open road to the cutting of Siberian connections from European Russia in the vicinity of Lake Baikal and in the last analysis the Japanese fear the Soviet Union more than any other factor. They are determined to provoke conflict despite the Russian peace policy. They want to do it as soon as possible.

All of these war calculations must be balanced against conditions at home and the temper of the Japanese workers and peasants. Recent statistics indicate that there are 2,540,000 workers in concerns employing more than 12 workers. The total number of workers including those engaged in fishing and agriculture is estimated at approximately 5,770,000. Of these only about 380,000, are organized in trade unions. Those in unions of the extreme right include about 20 percent of the number. The unions of the center in which the leadership is committed in advance to any government move comprise 70 percent and the more independent unions number about 10 percent. Unions under revolutionary leadership have been "abolished" and their leaders driven underground.

However, within all of the unions there is a ferment of opposition leadership which demands a positive policy against the decreasing standards of living and positive strike action is on the increase.

Average wages of all workers is close to one yen and 57 sen per day, the rough equivalent of 46 cents. Skilled workers especially those in the favored heavy, *i.e.* war industries, may earn as much as 7 or 8 yen but the rising costs of foodstuffs operate to the disadvantage of all workers. Hours are long and industrial safeguards at a low level. Even the best paid skilled worker generally finds his earnings insufficient to provide a living for his family and women and children are forced to supplement the earnings in the majority of cases.

The gains in heavy industry not only spell profits; they breed a true proletariat and it is significant that the most independent and militant workers are to be found here. Any drive toward war must take these things into account and the dissatisfaction attendant on lowered living standards is giving the government some pause. Japan is lush with "patriotic" societies of all kinds, all of them tainted with fascist teachings and all calculated to hold the wavering fervor of the workers in line for conquest.—*Tokyo Correspondence in "The Masses."*

亞林沙而

為褐色澄明之濃液，含有百分之五十 CRESOL 殺菌力非常準確偉大誠可供醫院……一切用具之消毒，以及治療皮膚諸症。家庭……洗滌衣被，噴洒房室，消毒防疫，裨益衛生。人體……常用泡浴，能增強皮膚，抵抗病菌。

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Will North China Bring Fruit to Japanese Traders?

BY PAUL K. WHANG (汪 仲 羣)

AFTER the first tension of the Manchurian affair had passed the Japanese army officers and writers applied themselves immediately to the task of painting a very glowing picture of China's three Northeastern provinces as to their economic possibilities for Japanese trade, with the obvious purpose of rallying the support the Japanese public to their aggressive policy. Manchuria was described as being nothing less than an El Dorado where "gold" was aplenty. As a result hopes were aroused to such a high pitch that all the Japanese traders, from the captains of the industry down to the street peddlers, prepared themselves for a big business boom which would bring unprecedented prosperity to the Island Empire. A tremendous amount of Japanese capital flowed to Manchuria, and a large number of enterprising Japanese people flocked to the land of opportunities. But, for more than three years, the gold-seekers have not met with encouragement, but bandits and unpleasant climate, and the trade has not shown any sign of improvement; The wild hopes entertained by the Japanese traders have faded, while the high promises held out by the Japanese army officers and writers have turned out to be an illusion.

Even Dr. Washio, in one of his recent articles appearing in the *Japan Advertiser*, had to admit that the military conquest of Manchuria failed to bring fruit to Japanese traders in spite of the fact that in three years since the establishment of the puppet state some Yen 500,000,000 had been invested. On the other hand, the development of some industries in Manchuria, notably sulphate of ammonia and steel, instead of bringing benefit to Japan, has produced competition with home industries. He further stated, "The increase of exports to the new state, phenomenal as it was in figures, had little effect in improving Japan's international balance of accounts, since the purchases were mainly made with Japanese capital invested there. Further, it has been found that no small part of this invested Japanese capital was flowing into North China in the form of remittances from the people in Manchuria, 80 per cent of whom came from North China, Shantung and Hopei particularly."

The Japanese traders, who have been promised great things from Manchuria, have naturally been very much disappointed when they were awakened to the fact that this promise can never be realized. Besides, they have found that their trade with China Proper has been declining drastically because of the strained Sino-Japanese relations, and, in the meantime, their burden in the form of taxes has become heavier every day. When their patriotic fervor was overcome by material considerations and their extreme sensibility gave way to cool reasoning, they began to murmur dissatisfaction against the policy of their Army. In order to prevent the spread of this disaffection among the people the Japanese warlords have to make new conquests so that they can hold out new promises to their dissatisfied and disappointed people. Therefore, to all intents and purposes, the recent Japanese action in North China is a premeditated move, intended to open up new economic vistas for the Japanese business interests, with the hope of rekindling their false hope and keeping down their disaffection.

A Japanese Writer's View

According to Dr. Washio, North China has a far greater promise as a market than Manchuria, because not only in the four provinces of Hopei, Shantung, Shansi and Chahar, which are said to be within the orbit of an economic bloc Japan wishes to establish, is the total number of their population double that of Manchuria, but the climate in these provinces is far milder, better adapted to penetration by Japanese colonizers, and these provinces, the seat of the ancient civilization of China, are even less developed than Manchuria. What Dr. Washio especially emphasized is the fact that Shantung, Hopei and Shansi, because of the mild climate, can produce some of the things which Japan vitally needs, notably cotton and wool, which "Manchuria does not produce at present and probably can never be made to produce."

He concluded, "Economically, these possibilities of North China are far greater than anything Manchuria can ever offer. If, therefore, the political stability of North China is going to be secured under a friendly power, the investment activities of Japanese industrial and commercial interests, which have fallen off in Manchuria, may restart with redoubled vigor in North China." Whether this "friendly power" which Dr. Washio has in mind as a necessary condition to the Japanese development of North China will take the form of a puppet state, is not clearly defined; but what is certain is the fact that with the creation of Japanese economy hegemony, North China, just as in the case of Manchuria, will pass out of China's control, even though a puppet state is not immediately established. In this connection, Col. Seiichi Kita, Chief of the China Section of the Japanese General Staff, was credited as saying, "It appears certain that the whole region of North China will eventually emerge as an autonomous section, semi-independent of the policies of Nanking."

The Japanese public, including business interests, are now as enthusiastic with high hopes as they were during the first few months after the Manchurian affair. What especially tickles the Japanese mind is the fact that these new economic opportunities have been successfully opened up "without war and without such diplomatic trials as the Manchurian Medley brought in its wake." Besides, the promise held out is said to be more real, inasmuch as North China has a far greater promise as a market than Manchuria. Whether this promise has better basis than the equally high promise of Manchuria, only time can tell. But we wish to advise our Japanese friends not to be too enthusiastic over this promise, so that the disappointment they will meet in future will be less acute.

The South Manchurian Railway, as reported, has been already on the move to organize a development company for the purpose of exploiting natural resources in North China. It is generally believed that the Japanese will apply their special efforts to the production of cotton and sheep raising, as cotton and wool are two of the many products which, as Dr. Washio pointed out, are vitally needed by Japan. Heretofore, the Japanese merchants have depended upon the United States and Australia for their supply of cotton and wool respectively. It has long been their hope that they could secure the supply of these materials from some sources other than those countries which have built up high tariff walls against the importation of cheap Japanese articles. W. Cameron Forbes, chairman of the American Economic Mission, in a recent address, told the New York business men that the United States-Japan trade balance was so heavily against the latter country, that Japan would soon find sources of supply other than the United States for its principal products, especially cotton. Mr. Forbes' statement may have something to do with the Japanese future attempts in producing the kind of cotton in North China, which will meet the requirements of their cotton industry.

Trade Can Not Be Developed by Force

Japan may secure her needed supply of cotton and wool from North China in future, and economically speaking, she may become more independent of other countries. But aside from that, what benefit can she bring to the average Japanese traders, whose primary interests lie in the increase of Japanese trade. The trade between two countries, it must be said, can not be developed by force. Japan may create a puppet state in Manchuria, but if the people there who are principally Chinese, have had no friendly feeling towards the Japanese, no efforts on the part of the Japanese traders to promote the sale of Japanese goods in Manchuria will bear fruit. For the same reason, the creation of a "friendly power" or a puppet state in North China will not bring a business boom to the Japanese traders.

International trade must be promoted by mutual friendship and goodwill. China used to be a very good customer of Japan, and in 1930 she took in 27.43 per cent of the total Japanese exports. But the present strained Sino-Japanese relations have drastically slashed the volume of Japanese exports to China Proper—a decline of more than 50% compared with that of 1930. The Chinese Government may suppress the anti-Japanese feelings among the Chinese people, but this suppression can not change their minds from that of anti-Japanese to that of pro-Japanese. The Japanese may dump their cheap goods on the Chinese markets and force the Chinese Government to reduce the tariffs in favor of the Japanese goods, but cheapness alone will not recommend a sale to the Chinese buyers. So long as the Chinese are Chinese, they can not be expected to be friendly with the Japanese and purchase the Japanese goods without guilty conscience.

With these in view, we have reasons to believe that the present promise regarding the economic possibilities of North China will prove another myth. It is, however, feared that as soon as the present high hopes fade out, the Japanese warlords, in order to keep up the continued support of their people, will extend their military conquest to the South of the Yellow River, so that they can hold out even more high promises to their people. In pursuance of their wild dream of conquering the whole of China, the Japanese warlords have played upon the weak spot of their people and keep up their false hopes, so that they can continuously exact from them financial support, in the form of heavy taxes. It is a pity that the Japanese people, who are reputed as being of a very intelligent race, should be content with playing the role of under-dogs.

Shanghai, July 27, 1935.

Who's Who in China

Chou Yung-nien, army officer; born at Tungyang, Chekiang, 1899; was graduated from the Department of Electric Engineering of the Chekiang Provincial Technical College at Hangchow; served as an engineer and instructor at the Whampoa Military and Political Institute, 1926; after successive promotions, he was appointed a technical expert of the Planning Section of the Military Communications Department of the Ministry of War, 1930; transferred as Director of the Communications Department of the Headquarters of the Commander-in-Chief of the Bandit-suppression Forces for the Border Districts of Kiangsi, Kwangtung and Fukien, 1932; promoted Director of the Communications Department of the Provisional Headquarters of the President of the Military Affairs Commission at Nanchang, in 1933 and concurrently Director of the Broadcasting Station of the Nanchang Provisional Headquarters and also Director of the Communications Department of the Headquarters of the Commander-in-Chief of the Northern Route Bandit-suppression Forces for the provinces of Kiangsi, Kwangtung, Fukien, Hunan, and Hupeh; promoted Director of the Communications Department of the Headquarters of the Pacification Commissioner of Kiangsi in 1934 and now concurrently Director of the Communications Department of the Provisional Headquarters of the President of the Military Affairs Commission at Wuchang and Director of the Training Institute of Radio Engineers of the Provisional Headquarters; address: Communications Department. Provisional Headquarters of the President of the Military Affairs Commission, Wuchang, Hupeh.

周永年字鞏侯

Chou Yung-nien

周永年，字鞏侯，現年三十六歲，籍隸浙江東陽，畢業於前浙江省公立工業專門學校之電機工程科，民一五年間，入黃埔中央軍事政治學校任電信技士兼教官，歷承擢遷，直至民一九年間，升任軍政部交通司設計科技正。民二一年間，調兼贛粵閩邊區剿匪總司令部交通主任。民二二年間，調兼軍委會委員長南昌行營交通處處長。並兼任南昌行營廣播電台台長。旋又調兼贛粵閩湘鄂勦匪軍北路總司令部交通處處長。民二三年間，擢升駐贛綏署交通處處長，現兼任國民政府軍事委員會委員長行營交通處長，暨行營兵工建設委員會委員，行營無線電技術人員訓練班主任等職。

Reforms Are Ordered in Peiping Union Medical College

Several reforms for the Peiping Union Medical College, some of which were enjoined last year but have not yet been carried out, are ordered by the Ministry of Education. Beginning from the next semester, the order states, the enrolment should be increased. It should not be limited to a certain number of accredited schools, but should be open to graduates of schools duly registered with the Ministry. However, entrance examinations must be strict. Examination questions and answers should, as far as possible, be written in the Chinese language. The students, with the assistance of the professors, should be encouraged to translate foreign medical terms into Chinese, not only for practice but also for the benefit of the public. The college should enter into arrangements with the local authorities and philanthropic associations in order that the students may have opportunity to participate in public health work. This will not only give them useful experience, but also engender in them the spirit of social service.

These reforms follow disclosures made during recent cases tried in the U. S. Court for China in which suits were brought by dissatisfied patients. Although in each instance the P.U.M.C. was successful, the evidence disclosed that there was much room for improvement in the management of the concern.

Judge Helmick July 30 awarded Dr. Chester M. Van Allen U. S. $13,829.96, Dr. John J. Wolfe U. S. $1,816.63, and Dr. John Spies U.S. $3,131.22—who were dismissed from the P.U.M.C. last March as a result of a controversy with the management.

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CUSTOMS NOTIFICATION No. 1457

The public is hereby notified that in accordance with Government instructions livestock (cattle, buffaloes, sheep and goats) will in future be subjected to inspection by the Government Testing Bureau of Shanghai before importations from abroad will be permitted.

Detailed information can be obtained at the Custom House, regarding the prescribed procedure which will be put into force from the 1st August, 1935.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 26th July, 1935.

In the United States Court for China

In re. Estate of CARL L. SEITZ, Deceased	Cause No. 3911 S. P. No. 1026 NOTICE Filed at Shanghai, China, July 20, 1935. William T. Collins, Clerk L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of CARL L. SEITZ, deceased, to present the same with vouchers to the undersigned on or before January 20, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

CLAYTON L. SEITZ,
c/o American Asiatic Underwriters.
17 The Bund.

Shanghai, China,
July, 20, 1935.

Men and Events

Victor Frene, who is an adviser to the Shansi provincial government, is in Shanghai on a business trip.

John Johnstone, former manager of Jardine, Matheson & Co., in Hongkong who died recently, left an estate valued at $1,400,800.

The Goodyear Rubber Company announced last week that it would open a tire factory in Japan to meet Japan's tire competition in the Orient.

A. Morley, editor of the *Shanghai Times*, is making a round trip on the s.s. *Sarpedon* which sailed from Shanghai July 26 and is due back here on Aug. 23.

Dr. Wu Lien-teh, director of the National Quarantine Service, sailed from Shanghai on August 1 for Australia as a delegate to the International Health Conference.

The formal opening of the training class under the auspices of the Labor Welfare Commission of Greater Shanghai took place at the Chinese Y.M.C.A. in Shanghai August 1. Mayor Wu Te-chen presided.

Miss Maude Francis, Milwaukee, Wisconsin, arrived in Shanghai last week and is engaged in investigating Chinese drama and the theater for a series of lectures. Miss Francis is living at the Astor House hotel in Shanghai.

Mr. and Mrs. J. E. Covington gave a cocktail party at their home in Shanghai July 26 in honor of Mrs. Estes Dudley of Richmond, Virginia, who, with her daughter, Miss Anne Rorer Dudley, is visiting her cousin Mrs. Covington.

Colonel Li Chong-yung of the Kweichow Army was killed and more than 10 others seriously injured when a Kweiyang-Chungking bus fell from the cliff near Chikiang last week. The highway, opened more than a month ago, was built on a mountainous area.

Joseph A. Kelly, manager of the Woonsocket office of the Providence, Rhode Island, *Journal* arrived in Shanghai this week on a leisurely trip around the world, having previously visited in Japan and Manchuria. Mr, Kelly is living at the Foreign Y.M.C.A. while in Shanghai.

Quo Tai-chi, Chinese Ambassador in London, and Mme. Quo, departed from London July 27 for the Continent on a fortnight's holiday. They attended the wedding at Geneva on August 1 of Mme. Quo's niece to Tsao Kuo-ping, who is attached to the League Secretariat.

Hsu Mo, Political Vice-Minister of Foreign Affairs, is temporarily in charge of the affairs of the Ministry during the absence of President Wang Ching-wei of the Executive Yuan, concurrently Minister of Foreign Affairs, who is now recuperating from ill-health in Tsingtao.

The death occurred in Shanghai July 25 at the age of 48 of Charles J. Beale, had who for the past 23 years had been with the British-American Tobacco Company. Heart failure was believed to have been the cause of death. The late Mr. Beale renounced British citizenship to go under Chinese jurisdiction.

Judge Milton J. Helmick July 25 suspended a sentence of 90 days in Amoy Road jail in the case of Thomas Holland Carey, insurance salesman found guilty in the U. S. Court for China of defrauding Cathay Mansions by attempting to leave Shanghai without paying a bill of $381.02 for himself and wife.

Miss Clara M. Smertenko, 61-year-old teacher of Greek and Latin at the University of Oregon, disappeard from the s.s. *Taiyo Maru* between Hongkong and Shanghai, last week. Notification was sent by the U. S. authorities in Shanghai to Fred Millard, 320 North Lasalle street, Chicago, who was mentioned upon her passport.

Felthan Watson, U. S. District Attorney for China, had as guests at dinner July 30 a group of St. Louis travellers who are making a tour of the Far East under the direction of E. B. Conant, professor of law at Washington University, St. Louis, Missouri. Prof. Conant formerly was Professor of Law at the University of the Philippines.

C. M. Tobin, physical director of the Foreign Y.M.C.A., will leave Shanghai early in September, not to return. Gordon D. Gillespie, assistant physical director at the Foreign Y.M.C.A., has also tendered his resignation and plans leaving for America on August 25. He will go directly to Vancouver where he will become associated with Y.M.C.A. in that city.

Capt. Evans F. Carlson, Post Adjutant of the U. S. Marine Legation Guard at Peiping, has received orders to return to the United States and will depart shortly with Mrs. Carlson, traveling by way of Shanghai, where they will visit for a time before sailing for San Diego, where they will be stationed in future. Capt. Carlson was previously U.S. Marine Intelligence Officer at Shanghai.

The thirteenth annual conference of the National Vocational Education Association was held in Tsingtao July 19-21. President H.C.E. Liu of the University of Shanghai, who was one of the presiding officers of the Conference, on his return to Shanghai last week reported that the conference was a great success. There were more than 200 delegates from over 20 different provinces in attendence.

As a sequel to the allegations of Barend F. Burger, late master of the Customs preventative cruiser *Kwan Wei*, who stated that his seizure made of a Japanese boat and its cargo on June 1 was illegal, formal demands have been made by the owners of the Japanese boat to the Chinese Martitime Customs that the boat and the artificial silk cargo, valued at $100,000, be returned to them.

Representatives of the foreign and Chinese press in Shanghai were entertained July 27 by W. Tan, manager of the Shanghai City Government Ferry. A special boat took the guests to Kaochiao, whence the party proceeded by buses to the beach, where tea was served. Kaochiao Beach was chosen by the Shanghai Municipal Government as the site for a new pleasure ground to be controlled by the city after an assurance that it would be cool in the hottest weather, and that the water is chemically pure.

The marriage of Miss Jean Elder, daughter of the late Hugh Elder, for many years adviser to Marshal Chang Tso-lin, to Reginald P. Mitchell, U. S. Vice-Consul at Hankow, is scheduled to take place at the river port August 3. Miss Elder had previously gone to San Diego, California, to be married, on Mr. Mitchell's return to the United States on home leave. However, Mr. Mitchell's leave was postponed, so Miss Elder returned to China by the s.s. *President Coolidge* July 29, to be married on this side of the Pactfic.

E. M. Gull, London secretary of the British China Association and representative of the British Chamber of Commerce in London, who has been traveling in China for several weeks, has gone to Japan and after a few weeks there will return to North China by way of Dairen and Manchuria. Mr. Gull was for several years secretary of the British Chamber of Commerce in Shanghai. Mr. Gull is accompanied on his present trip by Mrs. Gull, who previously was active in the affairs of the British women's organizations in Shanghai.

The entire village of Tsao Nien-tung, across the river from Shanghai, inhabited largely by coolies and workmen, river workers, dock workers, and others who travel back and forth from Nantao to their work daily, was completely destroyed by fire on the night of July 29. The village consisted largely of straw and wood huts. It took no more than about ten minutes for the flames to sweep right across the half-mile or so of the village. So far as is known only two people lost their lives. Those who escaped had to do so through winding alleys, most of them getting away on the side away from the river.

⁂

Bodyguard of T. V. Soong Is Found Shot Dead

A bodyguard named Li Chi, in the employ of T. V. Soong, Chairman of the Bank of China, was found dead with a pistol bullet in his body early in the morning, of July 27. Investigation by the French Police, showed that the cartridge which killed the man had issued from a pistol other than the dead bodyguard's and that the bullet which killed the man had been fired from a Colt pistol belonging to another bodyguard of Mr. Soong's.

The other guard, when located, told the police that, after finishing his duty at 6 a.m., he entrusted his pistol for a short time to Li Chi. Returning to claim the weapon, he asken Li Chi to hand it to him, and in the transfer, he asserts, it was accidentally discharged. The bullet entered Li Chi's chest and the man died instantly.

⁂

Dr. Bernadotte Schmitt of University of Chicago Here to Study Conditions

Dr. Bernadotte Schmitt, professor of modern history and chairman of the department of history at the University of Chicago since 1925, arrived in Shanghai this week to spend at least two months in China in what he describes as an "an attempt to find out something about what is really happening here." Dr. Schmitt, considered one of the foremost historical writers in the United States to-day and author of "The Coming of the War: 1914," which, published in 1930, won the Pulitzer prize for history in 1931, is registered at the Metropole Hotel. Dr. Schmitt had previously spent considerable time in Japan and the Philippines.

⁂

Cromwells Arrive in Shanghaj—Will Not Donate Anything in China

James Henry Roberts Cromwell, accompanied by his wife the former Doris Duke, frequently referred to as the "richest girl in the world" arrived in Shanghai July 28 by steamer from Hongkong, in the course of a leisurely trip around the world. It is recalled that about 15 years ago Mr. Cromwell also made a trip to Shanghai accompanied by a very rich wife, the former Delphine Dodge, from whom he was divorced in 1928. Mr. Cromwell in interviews said the poverty he saw here was similar to that which he had seen in other countries, but he and his wife said they would confine their charities to the United States. Telegrams from South China, particularly from Canton, stated that the shopkeepers were disappointed at the small amout of purchases made by the Cromwell pair.

China Finance Case Against United Theatres Continued in U.S. Court

A further hearing took place in the U.S. Court for China July 30 in the new motions brought forward by China Finance Corporotion in the United Theatres reorganization. The case had been adjourned from July 26 when, Milton D. Purdy, former judge of the U.S. Court and now representing the China Finance Corporation, of which he is president, presented two applications to Jugde J. Helmick, in the form of motions, in an effort to obtain a position of creditor to the United Theatres Corporation, instead of giving up the right to a lease and taking stock in the corporation. Mr. Purdy stated that the United Theatres Corporation owes the China Finance Corporation U.S.$3,000, and that the lease amounted to Tls. 150,000. John Alexander Turner gave evidence. Dr. George Sellett, cross-examining, brought out the information that Mr. Turner, a former secretary for United Theatres, was now a director in the China Finance Corporation. Asking whether or not China Finance owned the Finance Banking Company at the time the latter made its assignments to the former, Dr. Sellett received an affirmative inswer.

China Foreign Trade Shows Unfavorable Balance of $286,085,622

According to statistics released by the local Customs House, the foreign trade of China for the first six months of this year shows an unfavorable balance of $286,082,622. The total estimated value of imported commodities during the period amounts to $545,455,295, which indicate a decrease of $24,394,541 in comparison with that of the same period of last year. The total estimated value of exported commodities during the period amounts to $259,369,673, which in comparison with that of the same period last year shows a decrease of $9,175,041.

Imported rice tops the Customs statistics with 14% of the total value of imports during the period, amounting to Customs Gold Units $43,359,190, or about $75,000,000. Wood oil ranks first among the exports with a total value of $18,938,081, which indicates an increase over its figure for the same period last year by one-third.

Chinese Proclamation Warning Against Anti-Foreignism Posted in Foreign Settlement

A proclamation issued recently by Gen. Wu Te-chen, Mayor of the Municipality of Shanghai, exhorting the population to refrain from anti-foreign activities, has been posted in all districts of the International Settlement, by arrangement with the Shanghai Municipal Council. The message, written in Chinese, was distributed in the Settlement through the Municipal Police. The proclamation points out that it is the national policy of China internally to improve administration and develop education, while externally the Government seeks to foster international peace. The adoption of an intimate attitude towards friendly nations is held to be of supreme importance. Chinese citizens are warned to be friendly towards the foreign Powers and to refrain from doing anything which will create international ill-will. Boycotting and anti-foreign speeches are proscribed, as are anti-foreign organizations.

Dr. Walter Williams Dies at Home in Missouri

The death occurred of Dr. Walter Williams, dean of the School of Journalism of the University of Missouri, at his home in Columbia, Missouri, July 31. Dr. Williams had travelled extensively in the Far East and had many friends in China. He resigned as President of the University of Missouri after reaching his 70th birthday and was probably the only college president in recent years who never had a college education. He rose from printer's apprentice to found the School of Journalism, later becoming President.

Japanese Gendarmes Confiscate Silver Carried by Korean Smugglers

When the Paotou-Peiping express arrived at the Hsichih Men station in Peiping July 25 two Japanese gendarmes boarded the train and detained a shipment of 10,000 silver dollars escorted by seven Koreans and one Japanese. The gendarmes confiscated the shipment but allowed the smugglers to go away. Another seizure was made the same morning by Japanese police on the incoming express at Peiping. The value of the shipment is not stated, but the consignment is said to belong to a Korean smuggling ring. Many Koreans have lately been traveling on the Peiping-Suiyuan Railway arriving in Peiping from Suiyuan or Kalgan with many cases of silver. It is believed that these people belong to the same ring which has been smuggling silver out of Peiping and Tientsin recently.

The Most Comprehensive Survey Yet Compiled of Reconstructional Progress in Modern China

Reconstruction in China

EDITED BY T'ANG LEANG-LI

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New Books of Interest in the Far East

The Confessions of Miss Agnes Smedley

Daughter of Earth: an Autobiography, by Agnes Smedley—a New, Revised Edition with a special introduction by Malcolm Cowley,—published by Coward-McCann, Inc., New York City. 216 pages, price U. S. $2.

This re-issue of Miss Smedley's classic autobiography is extremely significant, but in one respect highly disappointing. For instead of telling us more about herself, as her admirers and others would wish, the entire seventh (last) section of the original edition—a total of 128 pages—is eliminated. Otherwise the new issue is word for word the same as the original edition, which was published in 1929, except that it is now presented avowedly as an autobiography whereas it first appeared in the guise of a novel.

At least the publisher's jacket on the present edition describes the book as "an autobiography," but the title page lacks any label. In the introduction, Mr. Cowley states that the book "is fiction . . . with many of the characters invented, but in its broad outlines it is also the story of the author, Agnes Smedley."

The new edition is of far more consequence, especially to those interested in China, than the original. When it first appeared, the book could be considered solely as a work of art; and viewed as fiction, it compared favorably with Butler's "The Way of All Flesh" or Hardy's "Jude the Obscure," while viewed as an *American* autobiography, it was more intensive in portrayal although not as extensive in scope as "The Education of Henry Adams" or "The Autobiography of Lincoln Steffens." Nor in all the world's literature have there been many comparable revelations, with such a mass of psychanalytical detail, of a mind in travail and a soul in torture.

But since 1929, Miss Smedly has assumed the role of the principal publicist and champion of the Stalinist Red movement in China, and so some of her statements are now of historic political importance. Chief among them is the following, on Page 5:

> "My mother continued to say that I lied. But I did not know it. I was never clear. What was truth and what was fancy I could not know. To me, the wind in the tree tops really carried stories on its back; the red bird that came to our cherry tree really told me things; the fat, velvety flowers down in the forest laughed and I answered; the little calf in the field held long conversations with me.....
>
> "It has been one of the greatest struggles in my life to learn to tell the truth. To tell something not quite true became almost an instinct."

Wherefore, Miss Smedley's last book, "China's Red Army Marches," as well as some of her pieces in *China Today* become wholly understandable. Further, anything that Miss Smedley writes must be evaluated with her above statement in mind.

Just why 128 pages of the original edition have been deleted is not wholly clear. The publisher's blurb explains that "this material was different in tone and inferior, perhaps, in execution to the rest of the book, and Miss Smedley has agreed with us that the book is a better unit without it." That is nonsense, for this section was by far the most interesting part of the book and gave it an integration that it otherwise lacks. It was this section that described several love affairs, work with Indian Revolutionaries during the World War which lead to a long period in prison, membership in the I.W.W., and work on the now defunct Socialist *Call*, a New York daily newspaper.

There were also many interesting observations. One was: "I felt deeply, reacted violently, and thought little." Another was: "I have learned when knowledge and love become one, a force has been created that nothing can break. That I learned from two men—both of them Asiatics." Further, there was deserved praise for both an American lawyer in the Jeffersonian tradition and *The Call*. It was particularly recorded that *The Call*, although an official organ of the Socialist Party, published a Communist criticism of the Party.

Perhaps all these things are suppressed because they might appear out of keeping with her present position as defender of the Stalinist faith. Anyway, Miss Smedley's abbreviated narrative ends in a political *tabula rasa*, and so there is no socialism, anarcho-syndicalism, or Indian Nationalism to explain.

But if ever again she wishes to serve the autobiographical muse, with or without benefit of Freud, she could indeed make a striking contribution to literature by explaining the course of her development from bitter condemnation of the Bolsheviks in 1921 for suppression of the Kronstadt revolt to her position today of apparently unreserved acceptance of Moscow's counter-revolutionary policy.

WILBUR BURTON.

Shanghai, July 25, 1935.

A Philosopher Who Sees Everything Wrong

My Philosophy, by John Benjamin Penniston. Published by the author, Shanghai, 1935. Price, $3 Mexican, postage 30 cents.

Here is a system of philosophy built upon the supposition that man is "but a superposition of wave systems" that need to undergo partial decomposition. The leit-motif seems to be an attack on everyone from Arthur Brisbane to Albert Einstein, and upon all published works of all scholars in scientific fields. When Sir Thomas More wrote his Utopia there was an urbanity behind his seriousness which implied that such a fictitious society could point the way to social betterment. H. G. Wells' utopian societies also have the glamor of romance which preserves the reader from the necessity of taking them too seriously. Not so Mr. Penniston's book, which has neither urbanity nor romance, but which pictures the coming society with the seriousness of one who has found all the world wrong but himself.

It is difficult to read with equal solemnity a section on hair development in the selection of political leaders, or the use of the number seven, and a section on fundamental rules of reasoning in philosophy.

The author states, "I am frank to say that existing theories of democratic government do not in my opinion amount to much." The reviewer would use those words to describe Mr. Penniston's own scheme of political organization exotically named The Samurate of Taiyo. This amazing scheme is to be built up after devastating wars in the Pacific area. Were the book not published by the author, presumably at his own expense, the conclusion of the reviewer would be that the author is having a good laugh at the reader's expense. F.M.R.

U. S. Fourth Marines Publish Artistic Annual

The U.S. Fourth Marines Regiment in Shanghai numbers among its man-power a large percentage of authors and artists of no mean ability. Having practically no military duties to perform, they fill in their time with pen and brush. *Walla Walla*, the Marines' weekly publication, reflects high editorial ability. The recently issued Fourth Marines Annual (1935) exhibits this editorial and artistic ability in an even higher degree. The contents include a dedication to Col. John C. Beaumont, Commanding Officer, and a story of the Fourth Marines. The staff is listed as follows: Officer in charge, First Lieutenant John H. Stillman; editor, Corporal Henry S. Griffin; associate editor, Corporal Barney A. Cogsdell; artist, Private Forrest Pendergast; photographer, Corporal Edgar M. Murray. The more than a hundred pages of interesting text and vivid illustration of the Annual will serve as a valuable memento, not only to the Marines themselves but to their friends in the United States.

Chinese Chamber in New York Publishes Monthly Journal

Chinese Trade Winds is the name of a new monthly journal published by the Chinese Chamber of Commerce, New York City. One of the principal articles in the current issue is" "150 years of Chinese-American trade."

Upton Sinclair Tells How He Was Defeated for Governor

Upton Sinclair, life-long Socialist who ran for Governor of California on the Democratic ticket with his EPIC (End Poverty in California) program, tells, in "I, Candidate for Governor and How I Got Licked," the inside story of the methods that were used to defeat him. Its 200 odd pages are replete with convincing proof that the Conservative element not only in the Republican party but in the Democratic party used every legitimate and illegitimate method of securing his defeat. Religious prejudice, distorted extracts from his speeches and books, and vicious cartoons were all used in abundance. Even at that, Sinclair polled 879,000 votes, and it has been proved that of the something over a million votes that the successful Republican candidate polled, several thousand were illegal. Sinclair some years back, having been "boycotted" by the large publishers, established his own publishing house at Pasadena, California, from which this latest book is published. It costs a U. S. dollar for the paper-bound edition.

City Supplementary Edition of Shanghai Directory Is Issued

The North China Daily News & Herald Ltd. Aug. 3 has just published the City Supplementary Edition to the Shanghai Directory of 1935, still familiarly known as the China Hong List. It would be almost a work of supererogation to describe this standard work. The thing that really deserves notice is the enormous amount of work that has been done in bringing the book up-to-date. Shanghai, in these days, has a very "liquid" population and the number of changes that take place in a six-months period are truly amazing. Accuracy has been the keynote of the China Hong List ever since it was first established, and the present volume is up to the usual high standard.

Elliant L. Woo Returning to China After Aviation Radio Training in U. S.

Elliant L. Woo, a graduate of the electrical course of Chiaotung University, class of 1928, was appointed Lieutenant-Colonel in the First Group Army Corps at Canton in 1930 and still holds said position. He was sent abroad on duty to the Bell Tele-

phone Laboratories, New Brunswick, New Jersey, U.S.A. for two months last November. He learned aviation radio there, and tested radios in a Ford tri-motored, 16-passenger monoplane at Hadley Airport of the Bell Laboratories. However, as he did not feel satisfied with his practical work in such a short period, he conferred with Frank L. Hough of the RCA Victor Co., China Ltd. and George F. Sheckden of RCA Communications, Inc., Shanghai, and made arrangements, after he had finished with Bell, to proceed to the RCA Victor Company, Camden, where he worked in Victor Building No. 53. In said building, he tested with a 50-kilowatt broadcasting transmitter; later he was transferred to Camden Airport for learning the Victor airport radio equipments, also to Building No. 10 Manufacturing Department. He then went to the Transmitting Station at Rocky Point and Receiving Station at River Head, Long Island of the RCA Communications, Inc., New York. He obtained a great deal of experince during his trip to America and will shortly return to China. He is now en route to Canton via Shanghai on board of s.s. *President Jackson* due here on August 6.

Signor Mussolini's Gift Airplane to General Chiang Arrives in Shanghai

The Savoia Marchetti plane S-72 which Signor Mussolini is presenting to General Chiang Kai-shek for his private use, was due to arrive in Shanghai Aug. 1. The machine made the trip here from Rome via Athens, Baghdad, Karachi, Calcutta, Rangoon, and Hongkong. At the controls are Col. Silvio Scaroni and Capt. Angelo Tondi, well-known Italian aviators.

Boeing Representative Going to U. S. on Home Leave

Wellwood E. Beall, Far Eastern manager of the Boeing Aircraft Co., who has been in China for about a year, will depart from Shanghai on home leave August 6 by the s.s. *President* Jefferson.

Restoration of Peiping-Canton Air Service Undecided

Owing to the flood conditions along the Han River valley, the date for the resumption of the Canton-Peiping air line, which was partially suspended some time ago, has not yet been set, according to a recent statement by Li Ching-chung, managing Director of the Eurasia Aviation Corporation. Mr. Li is shortly leaving Peiping for Sian to make preparations for the inauguration of the Sian-Chengtu line.

British Fliers, Black and Scott, Coming to Far East

T. Campbell Black and his partner, C.W.A. Scott, who won the London-to-Melbourne air race last year, plan to fly from London to Capetown and return in five days, and to make a round trip from London to Hongkong in five days. They also intend to fly from London to Canada and back on a single week-end. The flights will take place this month.

Chinese Film Given Award in International Contest at Brussels

"The Chinese Peasant in Spring," a Chinese motion picture brought to Europe by Pi Tso-chiung July 27, was awarded one of the three major prizes by the jury of the International Contest of Rural Cinematography, organized at Brussels on the occasion of the Brussels World Fair. "The Chinese Peasant in Spring" is a picture produced by the Central Kuomintang's motion picture department.

In the United States Court for China

WARREN BRADBEER, Plaintiff, vs. GEORGE F. BRADBEER, Defendant.	Cause No. 3922 Civil No. 1845 ORDER Filed at Shanghai, China, July 31, 1935. William T. Collins, Clerk.

The object of this suit is an action for divorce

WHEREAS, plaintiff herein, by her attorneys, has this 30th day of July, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 31st day of July, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 30th day of July, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since March 25, 1933, and that defendant's last known address was care of 32nd Company, Royal Army Service Corps, Malta.

NOW, THEREFORE, it is this 31st day of July, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after 17th day of August, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 31st day of July, 1935.

MILTON J. HELMICK,

Judge.

THE TANAKA MEMORIAL

Much debated secret document outlining Japan's imperial policy of conquest—supposedly presented to the Emperor of Japan by Premier Tanaka on July 25, 1927.

Although officially repudiated, Japan has nevertheless followed the Memorial's recommendations since 1931.

Preparing for War with U. S. A.?

The Tanaka Memorial should be read by all students of the Far Eastern Question. Send for a copy, the price is only 10-cents, with an additional 5-cents for postage.

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160 Avenue Edward VII

Shanghai.

JAPAN'S CHINA POLICY SEVERELY ASSAILED BY CRITIC; SZECHUAN REDS CONTINUE TO FLEE NORTHWARDS

(*Continude from page 328*)

LENIENCY SHOWN IN NEW LAW GOVERNING SURRENDER OF REDS

The revised law governing the Self-Surrender of Communists was promulgated on July 25. According to this law, Communists who have voluntarily surrendered themselves to justice before their offences are discovered may be exempted from the sentence provided by Law. But in cases where the offences perpetrated are of a more serious nature, only a reducation of one-half of the prescribed sentence, or a suspension of sentence, may be granted. This latter class of self-confessed Communists may, nevertheless, be exempted from their sentences or from the execution of part or the whole of the sentences if they voluntarily furnish to the Authorities information regarding other Communists, leading thereby to the arrest and conviction of such offenders or the seipure of important evidence.

A Communist desirous of surrendering himself must submit a written confession of his offences, accompanied by three copies of his latest photograph. The matter will then be examined by a Committee. Following examination of the matter, the Committee shall send the offender to the competent Court with such recommendations as they may think fit to make. In case the offender is granted exemption, reduction, or suspension of sentence by the Court, he may be released on bail in the form of a bond furnished by three persons of good character.

CANTON PLANNING EXPANSION OF ARMY, AIR AND NAVAL FORCES

The Canton authorities are now proceeding quietly with comprehensive schemes for the expansion of the military, naval and air forces, according to a *Reuter* telegram. A large number of new fighting 'planes and bombers have been purchased from abroad and the size of the Canton Air Force is growing daily. In addition, rapid progress is being made in the building of the new aviation factory at Shiukwan, on the Northern Kwangtung border. Following the completion of this plant, Canton will be able to manufacture her own aeroplanes, and it is estimated that at least 12 machines will be turned out every month.

A plan for the strengthening of the Canton Navy, which has been weakened through the desertion of the cruisers *Hai Chi* and *Hai Sen*, has also been formulated. This includes the creation of a torpedo boat flotilla. Several up-to-date torpedo boats have recently been purchased from abroad. The authorities are also contemplating the purchase of two battleships from abroad, each costing $4,500,000.

The programme for the strengthening of "national defence" in Kwangtung calls for the reinforcing of all forts, particularly the Bocca Tigris forts at the mouth of the Canton River where the old guns will be replaced by new ones and the garrison forces will be increased.

In order to increase the strength of the Army, each regiment will have two machine gun companies instead of one. There are about 45 regiments in the First Group Army and approximately 45 new machine gun companies will be formed.

Improvements and expansion will also be effected in the Military Academy where additional German military experts will be employed as training officers and instructors. Hitherto, five German experts have been employed but three more are to be shortly added to the list. The Academy has room for 7,000 cadets. It is learnt that the annual expenditure has been increased to $1,280,000 from last year's figure of $800,000.

A categorical denial has been made by Ou Fang-pu, the Finance Commissioner of the Provincial Government of Kwangtung, to the report received from Shanghai that currency in the province will be changed to the 'dollar' system beginning August 1st. That work of provincial mint will be resumed for the minting of 'dollars' was also denied.

ATTEMPT MADE ON CHOU LU'S LIFE

A sensation has been caused by the fact that Dr. Chen Lu, the Chancellor of Sun Yat-sen University, at Canton, had a narrow escape of death July 28, when he was fired upon by a 'strange person,' as he was riding in a car. The would-be assasin was not arrested, but precautionary measures are being taken by military and political authorities of the province.

Hu Han-min, who went abroad on account of il-health, left for Switzerland after spending about a fortnight in Italy, according to the secretary of the Southwest Political Council at Canton.

A telegram has been received from Hsiao Fu-chen, one of the "older statesmen" of the Southwest Political Council, saying that he will return to Canton from Siam in the middle of August.

DR. H. H. KUNG APPOINTED ACTING PRESIDENT OF EXECUTIVE YUAN

Dr. H.H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, has been appointed Acting President of the Yuan by the Central Political Council during the absence of President Wang Ching-wei, who is now on sick leave in Tsingtao owing to gall trouble.

In a press interview at Nanking on July 25, Dr. Kung while hoping that President Wang Ching-wei will completely recover from his illness early this fall, declared that the administrative policy of the Executive Yuan during his term of office as Acting President will be the same as that of President Wang.

Turning to the present flood situation which he admitted requires immediate relief, Dr. Kung announced that $2,000,000 has so far been appropriated by the Central Government from the flood relief reserve fund. Dr. Kung realized that this sum is meager but promised to do his best to raise money for the relief of the homeless and destitute.

Questioned as to when the reduced export tariff will be put into effect, Dr. Kung said the new rates can be put into effect at any time. The revised export duty, said Dr. Kung, has already been formulated and announced. As to the abolition of transit dues, Dr. Kung said it may take a little time before it could become effective, as means to cover up the loss consequent upon the abolition has not yet been properly worked out.

CHANGES MADE IN HUNAN PROVINCIAL GOVERNMENT

Several changes in the Hunan Provincial Government were approved by the Executive Yuan at a meeting July 30. While General Ho Chien retains the governorship of the province, the commissioners of civil affairs and finance have been replaced, and four other members of the Provincial Government have been dismissed. The new appointees include Ho Hao-yo as Finance Commissioner and Lin Chang as Civil Affairs Commissioner.

General Huang Shao-hsiung, Chairman of the Chekiang Provincial Government emphatically denied reports to the effect that the Chekiang provincial government will shortly be reorganized.

Branding these reports as absolutely groundless, General Huang stated, "I have no intention of leaving Chekiang for the time being."

6TH PLENARY SESSION OF C.E.C. TO BE HELD IN SEPTEMBER

The Standing Committee of the Central Executive Committee of the Kuomintang decided on July 25 to convene the Plenary Session of the Central Executive Committee during the latter part of September 6th. The Standing Committee also decided to postpone the Fifth National Congress of the Kuomintang until November 12, 1935.

The enforcement of a decimal system and the minting of nickel subsidiary coins to replace silver subsidiary coins now in circulation, has been recommended by the Currency Reform Commission of the Ministry of Finance. It is understood that the Ministry of Finance is planning to re-open mints at Nanking, Tientsin, Hangchow and Wuchang for the purpose of minting the new coins.

7,837,888 CHINESE LIVING ABROAD NOW REACHED

Overseas Chinese residing in various parts of the world total 7,837,833, it is announced by the Central Overseas Affairs Commission. The statistics are compiled on the basis of reports from the different embassies, legations and consulates as well as Chinese Chambers of Commerce abroad.

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The National City Bank of New York, Rates of Exchange

Shanghai, July 31, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 2.68
Demand buying rate on America:	U.S.$1.00=Sh. $ 2.63
Demand selling rate on London:	£1.0.0=Sh. $13.33
Demand buying rate on London:	£1.0.0=Sh. $13.06

Latest New York Stock Exchange Quotations

July 31, 1935
Stock Exchange – Business Done:-
Total Volume: 1,680,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale July 29	Last Sale July 28
11⅞	4⅜	—	Adams Express	7½	7⅜
145	90¼	4.00	American Can	141⅝	142
22½	14⅝	0.40	Amer. Cyanamid "B"	21⅜	21⅜
13¾	2	—	American & For. Power	4⅝	4½
33½	11¾	—	American & Foreign Pwr. $7 pfd.	33½	32⅝
17⅝	10	—	American Radiator & S.S.	17	17
131¾	99¼	9.00	American Tel. & Tel.	131⅝	130½
100	67	5.00	American Tobacco "B"	100	99⅝
27⅝	7¼	—	American Waterworks	12	11⅝
17⅞	8	—	Anaconda Copper	16¼	15⅞
73⅝	36⅝	2.00	Atchison, T. & S. Fe	57	54¼
57⅜	15	—	Auburn	24½	26
34½	7⅞	—	Baltimore & Ohio	13¼	13¼
49½	22¼	—	Bethlehem Steel	37⅝	36½
11¼	6⅛	—	Boeing Airplane Co.,	9¼	10¼
47¼	16½	1.50	Borg Warner	47¼	48½
18¼	9⅞	—	Canadian Pacific Railway	10¼	10
88⅝	35	—	Case, J. I.	68½	67
54¼	23	1.00	Caterpillar Tr.	53¾	53⅝
40⅝	15⅞	1.40	Chase National Bank	31⅝	31¼
48¾	37⅛	2.80	Chesapeake & Ohio	45⅝	45⅝
49⅞	34	3.00	Chesapeake Corp.	44½	44¾
60⅜	29¼	1.00	Chrysler	59¾	58⅞
19¼	3⅜	—	Columbia Gas & Electric	7¾	7½
36⅜	15⅜	0.60	Coml. Solvents	20⅜	20
3⅜	0⅜	—	Commonwealth & Southern (ord.)	1½	1⅜
47⅜	16¼	1.00	Consolidated Gas of N. Y.	27¼	26⅞
14¼	6½	0.25	Consolidated Oil	7⅝	8¼
23	15½	0.25	Continental Oil	21	20⅞
84¼	55½	3.00	Corn Products	69¾	70¼
28⅜	14½	—	Douglas Aircraft	28	28½
108	80	2.60	Du Pont de Nemours	107½	107
23¼	3⅜	—	Electric Bond & Share	9¼	9¼
17⅜	8¼	—	Fox Film "A"	15⅝	15½
29⅜	16⅞	0.60	General Electric	29⅜	29⅜
37½	28	1.80	General Foods	37¼	36⅞
42	24⅝	1.00	General Motors	38⅜	38
45⅜	13¾	1.00	General Railway Signal	32⅝	33
23	14½	1.20	Gold Dust	16¼	16½
41⅜	16	—	Goodyear Tire & Rubber	20½	19⅛
60	33¼	1.00	Humble Oil	57⅝	60¼
29¼	21	0.60	International Nickel	28⅛	27⅞
17⅜	5⅜	—	International Tel. & Tel	10½	10⅛
66⅜	39	0.25	Johns Manville	64	64⅝
23¼	14	0.60	Kennecott	20¼	20
43¾	20⅜	2.00	Loew's Inc.	39¼	39
24⅛	15⅜	1.20	Lorillard	24⅛	24¼
77	39	1.00	Monsanto Chemical	73¼	72⅜
35⅝	20	—	Montgomery Ward	32⅜	31⅜
43	16⅛	1.00	National City Bank	29⅝	29⅛
18⅜	13	1.20	National Dairy Prods.	16½	16⅜
31⅜	16	2.00	National Distillers	26¼	26
15¼	5	0.80	National Power & Lt.	9⅜	9¼
45¼	12¼	—	New York Central	20⅜	20
25¼	9¼	1.00	North American	18⅝	18½
25¼	12⅜	1.50	Pacific Gas & Electric	25	24½
39½	19	2.40	Pacific Lighting	39⅛	39
6⅜	2⅜	—	Packard Motors	5	4⅞
80¼	51½	2.00	Penney, J.C.	80	79⅞
39¼	17¼	1.00	Pennsylvania Railroad	26⅜	26½
22⅜	13	1.00	Phillips Petroleum	20¼	20⅜
45	20⅜	2.40	Public Serv. of N.J.	38⅜	38½
8¼	4	—	Radio Corporation	6⅜	6⅛
62⅜	43¼	3.00	Reynolds Tobacco "B"	54⅞	54⅝
33⅜	17½	—	Schenley	29⅜	30⅜
51⅝	31	0.75	Sears Roebuck	51¼	51¼
19⅞	11	0.60	Socony-Vacuum	12⅝	13⅛
22¼	10⅛	1.50	Southern California Edison	19⅜	18⅝
33⅜	13	—	Southern Pacific	19¾	19⅝
25¼	13¾	1.00	Standard Brands	16	16
17	1⅜	—	Standard Gas & Electric	4¼	3⅝
50¼	35⅜	1.00	Standard Oil Co. of N. J.	46½	47
67	47¼	3.80	Sterling Products	66	66⅜
43¼	29	2.00	Texas Gulf Sulphur	34⅞	34½
8½	5	0.30	Transamerica	7	6⅞
65	35⅜	1.60	Union Carbide & Carbon	63¼	64¼
133⅞	83¼	6.00	Union Pacific	107¼	107½
17⅜	8⅛	—	United Aircraft (New)	16¾	16⅞
6¼	3⅜	—	United Airline Trans.	5⅜	6
8⅜	1¼	—	United Corporation	3⅜	3⅜
20¼	9⅜	1.00	United Gas Improvement	15	14⅞
66¼	40¼	2.00	Universal Leaf	59	58
64⅜	32	2.00	U.S. Indus. Alcohol	41	41
24	9⅜	—	U. S. Rubber	13⅞	13⅜
59⅜	27⅞	—	U. S. Steel	43¼	43⅜
21⅜	11¼	—	Vanadium	16¼	16
8¼	2¼	—	Warner Bros. Pictures	5⅛	5
65	27⅞	—	Westinghouse Electric	65	64⅛

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